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Part I.—Report.

Report of the Indian Tariff Board on the grant of protection to the Printer's Ink industry.

Introductory

The application made on behalf of the Printing Ink industry was referred (along with four other industries) to the Tariff Board in the Resolution of the Government of India in the Commerce Department No 38-T, dated the 10th April 1924, which is reproduced below —

"In pursuance of paragraph 3 of the Resolution of the Government of India, Department of Commerce, No 3748, dated the 10th July 1923 (Tariffs), the Government of India have decided to refer to the Tariff Board for examination applications for protection received from the following industries, *viz*, * * * Printer's Ink * * *

2 In making its enquiry, the Tariff Board will be guided by the principles laid down in the resolution adopted by the Legislative Assembly on February 16th, 1923, and in particular, will consider how its recommendations, if it makes any, will affect industries using these articles The Tariff Board will conduct its enquiry into these applications in any order it deems most convenient

3 Firms or persons interested in any of these industries or in industries dependent on the use of these articles, who desire that their views should be considered by the Tariff Board, should address their representations to the Secretary to the Board, Simla"

Procedure in the Board's enquiry

2 The original application was presented by the Hooghly Ink Company, Limited, who are the only firm in India at present manufacturing printer's ink on a large scale Small Indian factories are believed to exist in Lahore, Cawnpore, Poona and Calcutta, but none of them approached the Board In order to elucidate the manufacturer's claim a detailed questionnaire was drawn up by the Board, and answers were sent in by the Hooghly Ink Company, on whose behalf oral evidence was also given by Mr Richardson, the Managing Director The evidence of the applicants was published on the 22nd July 1924 and the opinions of all interested in the subject were invited In all, representations were received from eight firms, who considered that the grant of protection to the industry was open to objection, and three witnesses were examined orally on behalf of these firms

The claim made by the Industry

3 The Hooghly Ink Company complain that, while imported printer's ink is subject to a duty of only 2½ per cent *ad valorem*, the Indian manufacturer has to pay 15 per cent *ad valorem* on

the raw materials he mports from abroad Fo this reason they contend th t the ma ufacture f printer s ink in India is handicapped t the e t t of 12½ pe ce t and they ask that either they may be e empted from the payment of th duty on imported materials or f that concession is admissible the d ty on imported ink may be raised t 15 per cent It is t be bserved that th cla m mad is rather for equality f tariff treatment than fo protection i the full sense If however th second of the two lternative proposals was adopted the industry would in fact rece ve an appreci ble amount of protection and for this reason it des bl that th la m hould be erut sed n th l ght f the co ditio la d down by th Fiscal Commission.

4 It was frankly admitted by M Richardson in his oral *evidence* th t considerable natural ad va tages f the manufacture of printer's ink in I dia could justly be claimed The industry su ted t India conditio n this respect that th ma hines a simpl d ea y t h ndl so that little expend ture need be ncurred n skilled labour In 1923 an outp t f nearly 300 000 lbs was secured with staff f thirty five coolies and five factory clerks In the Trade Returns the value but not th quant ties f th imports re given, so that only an estimate f the total consumption is possible but it seems likely that th imports are in th n ighbourhood of half a million pounds a year On that basis the whol requirements f India could be met by f ctory employing from a hundred to a hundred nd twe ty men. Mr Ri hardson informed us that in a British factory of th sam ize th wages bill would be higher than in India nd even allowing for th high cost f supervision th labour charges per lb f i k would be only nas in India against 3½ annas in E gla d This relative heapness f labour seems to be th only dva tage which the i dustry can claim part from the dva tage necessarily possessed by a factory in lose touch with its market as compared with factory 6 000 miles way On the ther ha d re respect f materials th Indian manufacturer labours under distinct disadvantages. About three-fifths in value he has t mport from broad as ga st *two-fifths purchased in India* nd in both cases the prices he h t pay re great deal higher than those pa d by his competitor in Europe. This is necessaril the ase with impo ted mat ri l but t pplies equally *to those of local manufacture* Th most important of the materials purchased in India are linseed il and mineral il, and in both cases the price in I dia i pparently regulated by th cost of importa tion Linseed oil Mr Ri hardso informed u costs bout £45 ton in I dia as ga nst £37 ton in London and mineral il £15 as against £12 the disadvantage being bout 25 per cent. The expenditure incurred n materials i more than twice wh t is spe t on wages and salaries nd t is th former factor therefore which hiefly ffect th cost f production.

Industry possesses few natural ad antages

5 For the reasons given in the preceding paragraph we are not satisfied that the Printer's Ink industry possesses natural advantages in the sense demanded by the Fiscal Commission, for the relative cheapness of labour is more than counterbalanced by the higher cost of materials Apart from that, the Indian consumption of printer's ink is still small and the market is therefore limited It seems to be a case in which the industry should be left to fight its own battle, and hold its own against competition if it can It is on this basis that we have considered the question referred to us In substance, the manufacturer contends that in the struggle against foreign competition he is unfairly handicapped Not merely does he derive no benefit from the Customs tariff, but it is actually injurious to him, and he is worse off than he would be if there were no tariff at all This contention appears to us to be reasonable Tariff anomalies cannot always be avoided, but when they operate to the disadvantage of Indian industries, they should be rectified whenever possible It could not fairly be claimed that, if the manufacture of printer's ink were to cease, it would seriously affect any important national interest But the existence of the industry has obvious advantages, and it can fairly ask for equality of tariff treatment

Industry not entitled to protection

6 In our examination of the claim put forward the first step must clearly be to ascertain to what extent the cost of production in India is increased by the Customs tariff, and the information supplied by the Hooghly Ink Company renders it possible to do this with reasonable accuracy In their *representation addressed to the Government of India* in January 1924, a list is given of the imported material on which the manufacturer has to pay Customs duty at 15 per cent It includes a large variety of colouring materials and also rosin, gums and lithographic varnishes The Customs duties paid on the materials used in 1922 amounted to Rs 8,954, and in 1923 to Rs 9,607 The latter sum amounted to about Rs 62 per ton of ink manufactured, which is 3 6 per cent of the cost of production and 3 2 per cent of the average price realised This is the extent of the disability under which the manufacturer suffers directly owing to the payment of Customs duties

Increase in costs owing to Customs duty on imported material

7 The tariff also operates indirectly, however, to increase the cost of manufacture The Company uses considerable quantities of mineral oil and of linseed oil and purchases them in India but in both cases the market price is regulated by the cost of importation The Customs duty is part of that cost, and it must be assumed that the internal price is raised to the same extent The duty on linseed oil was 15 per cent on a tariff valuation* of Rs 4-8-0 a gallon, which is equivalent to Rs 1,105 a ton The duty is therefore approximately Rs 166 a ton, and the

Increase in cost of Indian materials due to Customs duties

* The valuation has been reduced in the current year to Rs 3 12 0 a gallon

extra cost of the linseed oil used in 1923 was about Rs 1 048. The mineral oil subject to a duty of 7½ per cent. *ad valorem*, and the price paid is given as Rs. 230 per ton The effect of the duty is apparently to increase the internal price by Rs. 10 a ton and the extra cost incurred in 1923 on this account was Rs. 1,060. These are the only items which can be calculated with any approach to accuracy but some allowance must be made for other imported stores of various kinds such as spare parts of machines and the tins in which the ink is packed for the market. The extra cost of linseed and mineral oils together was Rs. 2,714 which is equivalent to nearly Rs. 18 per ton of printer's ink manufactured

8. In 1923 the cost of the ink manufactured was Rs. 1 700 a ton and the average price realised was Rs. 1 917 the difference being Rs. 211 Had there been no Customs tariff at all the cost of manufacture would have been lower by Rs. 80 (Rs 62 *plus* Rs. 18) if no allowance is made for miscellaneous stores The abolition of the ½ per cent duty on imported ink would reduce the average price realised by about Rs 47 The difference between the cost of manufacture and the average price realised would then be Rs 41 (Rs 1,870 *minus* Rs 1 620) It appears therefore that the nett result of the Custom duties is to leave the manufacturer worse off by about Rs 33 per ton of printer's ink produced than he would be under a system of both free trade In this calculation no allowance has been made for the duty on tins and miscellaneous stores.

Extent of the Indian manufacturer's disability

9 The primary request made by the Hooghly Ink Company was that they might be exempted from the payment of Customs duties on imported materials Arrangements of this kind are not uncommon in other countries and a few similar concessions have already been given in India. Thus for example the Indian Cable Company Limited are permitted to import electrolytic copper rod free of duty for use in the manufacture of electric wires and cable, and again salt to be used for the manufacture of glazed stoneware is issued free of duty from the bonded warehouses. In these cases the concessionaires have not to pay the duty at all. In other cases the duty is paid in the first instance and rebates are subsequently given Thus, for example the manufacturers of soap and of certain chemicals obtain rebates of the duty paid on the salt used in their manufacture and firms who use benzine in the process of extracting oil from oilseeds are given a rebate of the duty levied on benzine under the Motor Spirit Act. Whether the concession takes the form of exemption or a rebate precautions are necessary to ensure that the relief from the duty extends only to the articles actually used in a particular manufacture for there is always a danger that advantage may be taken of the concession to import a commodity free of duty for other purposes. How the revenue can best be safeguarded depend on the circumstances of each case When the Indian Cable Company Limited are permitted to import copper free of duty they

Arrangements for the remission of duty on imported materials

have to produce a certificate from the Metallurgical Inspector at Jamshedpur that the copper is actually required for the manufacture of cables, and that the amount imported is not in excess of the Company's reasonable requirements Quarterly statements of the stock and consumption of copper are submitted, and these are verified by the Metallurgical Inspector The salt to be used for the manufacture of glazed stoneware is not issued from the warehouse until it has been rendered unfit for human consumption by admixture with tar In the case of the soap and chemical works, a definite proportion of salt to finished product has been laid down by the Chemical Examiner, and the amount of the rebate is restricted in accordance with this proportion The factories are also inspected by the Customs authorities, and the Inspecting Officer satisfies himself, as far as he can, that the salt expended has been actually used in the manufacture for which the concession was given

Difficulty of safeguarding the revenue if materials used for Printer's ink are exempted from duty

10 The remission of duty on materials may sometimes be the best way of assisting an industry, provided that adequate administrative arrangements can be made to guard against fraud At the outset of our enquiry we were inclined to think that a rebate of the Customs duty on imported materials might be granted to manufacturers of printer's ink subject to suitable safeguards, but it gradually became evident that there were serious difficulties A system of rebates can be most easily and safely worked when the finished product of the industry is a single commodity of definite and ascertainable composition The quantity of a particular material required in order to attain a given output can then be determined in advance, and an automatic check on the rebates claimed is thus provided It then remains only to verify the output of the factory, and this is obviously a much easier task than to ascertain the quantity of a particular material used But printer's ink is very far from being a single commodity with a definite and ascertainable composition Endless varieties of ink are in ordinary use, the Hooghly Ink Company itself has made more than 3,000 formulas since the factory was started, and in oral evidence Mr Richardson remarked that they made a good many more than 200 or 300 kinds of ink in a year Many different kinds of pigments are used, and the composition of the ink varies enormously One coloured ink may contain 4 parts of pigment and 6 of varnish, while another may contain 3 parts of pigment and only 1 of varnish Linseed oil in coloured inks may vary from 25 per cent to 60 per cent of the total, while in black inks mineral oil may be as high as 80 per cent or as low as 40 per cent In these circumstances it is quite impossible to provide any automatic safeguard In order to ascertain whether the consumption of materials in a given period was reasonable in proportion to the output, it would be necessary to employ an expert in the manufacture, who would scrutinise the output in detail and verify separately the consumption of each kind of material in each kind of ink Such an arrangement is wholly impracticable

11 When the proportion of a material required for a particular manufacture can be laid down in advance

Remission of Customs duties not recommended.

napect on by the Cu toms authorities can be reduced to minimum In th absence of this safeguard much closer supervis on of the process f manufacture becomes necessary But it is doubtful wh ther aspection however frequent would really prove effect ve The Customs inspecting fficer would have no expert knowledge f the ndustry and if th Company books showed that a certain quantity of a particular pigment had been used in producing a given quantity of k, h would h ve grounds for challengi g the st tement. Th difficulty m ght be got ove f the mported materials were stored in bonded warehouse on the factory premises and issued only by a Customs officer But even then fraud would be quite possible unless th ffice was constantly present during working hours. The mpl yment of whol tim fficer wh would probably be drawi g R 200 month or more would be ery expensi a rangement d would swallow p a large portion f th rebat For these re son w re ble t recommend e ther complete ex mpti from Cu tom d t es or rebat of ll duties paid.

12 Before we proceed to discuss the alternative proposal th t the d ty on imported nk should be ra sed t 15 per ce t it m be well to deal briefly with th objections that h ve been put forward

Objections to increase in duty on printer ink.

These h re been urged ither by representatives f the Printing trade who naturally dislike ny crease in their costs, by importing firms or by manufacturing firms in England In so far as the bjections are n erely to the grant of protect on, we need not discuss them, for as already indicated we do not think th t a case for protection has been made out. Some f the objectors, however go further nd contend that th Company pplication hould be altogether rejected. It is urged for example that if the duty on imported materials were remitted in th case of printer ink, it would be impossible to refuse th same concession to any industry using the same materials If, however the finished products f th other industries are subject t th ordinary rat f duty of 15 per cent. their case is wholly different and the argument has no force whatever The proposed increase f the duty on imported ink to 15 per cent has been ttacked as if it were an attempt on th part of the Company to secure monopoly of the Indian market and were likely to inflict a heavy blow on th Printing trade Exaggerated representations f this kind really defeat their own object. So long as the ordinary rate of the duty imposed for revenue purposes is 15 per cent. the imposition of that rat of duty on particular commodity is not legitimate grievance f which anyone is entitled to complain. Th representatives of th Printing industry were fully entitled to ask for th retention of th existing duty and to put forward all th t can be said against an increase But in fact the duty on printing ink is not an ppreciable f ctor in printing costs. Messrs. John Kidd & Co Limited London have stated in th ir representation that printer' ink does not usually account for more than 3 per cent. of the total cost of

printed matter If that be so, and it is confirmed by the evidence of other witnesses, the present 2½ per cent duty is less than one-tenth per cent of printing costs, and, even if it were multiplied by six, it would still be less than one half per cent The duty brings in little more than Rs 12,000 annually to the Customs revenues, and even if allowance is made for the extra cost of ink made in India, the whole burden of the existing duty is no more than Rs 20,000 There may be valid reasons for treating printer's ink exceptionally for tariff purposes, but the actual sums involved are inconsiderable

Extent of the relief required

13 On the basis of equality of tariff treatment the only relief to which the manufacturer is fairly entitled is such an adjustment of the duties as will remove the handicap under which he suffers He cannot claim to be put in a better position than he would hold under a system of absolute free trade It was shown in paragraph 8 that the effect of the present tariff is to leave the manufacturer of printer's ink worse off by about Rs 33 a ton than he would be if there were no Customs duty at all, but to this sum an addition must be made in order to compensate for the duties on machinery and miscellaneous stores which cannot be calculated precisely If the duty on printer's ink were raised to 15 per cent, the result would be to raise the average selling price by about Rs 235 a ton, and it is obvious that the industry would then receive a substantial amount of protection This proposal is clearly inadmissible If, however, the duty were raised from 2½ to 5 per cent the average price realised might be expected to increase by Rs 47 a ton, and the difference between this sum and Rs 33 a ton would suffice to cover the duties on machinery and miscellaneous stores, and any increase in the Customs duties paid which might result from a larger production of coloured inks On an output of 150 tons the manufacturer would benefit to the extent of Rs 7,000 annually

Necessity of removing the tariff anomaly

14 Our recommendations must, we think, be governed by the figures arrived at in the last paragraph It may indeed be argued with some force that the injury which the manufacturer suffers is comparatively small, that anomalies cannot altogether be avoided even in the most scientific tariff, and that in all the circumstances no action is called for That might be the right and natural line to take where the industry was reasonably prosperous, and the anomaly was mainly theoretical But although in 1922 and 1923 the Hooghly Ink Company paid a dividend of 7½ per cent, there has been since then a distinct change for the worse The sterling price of imported ink has fallen, the rupee sterling exchange has risen from 1*s* 4*d* to 1*s* 6*d*, and the Company are now deriving little or no profit from the manufacture In these circumstances it is not for us to take the line that nothing need be done It is our duty to indicate, as precisely as may be, the extent of the relief required and the means by which, in our judgment it can best be given Whether, in all the circumstances, action should be taken is a question for decision by the Government of India and the Legislature

15 In a case of this kind where the Customs tariff operates to the disadvantage of the Indian manufacturer and no question of protection is involved, the relief required should, we think be given by reducing or remitting the duties on imported materials, if that be poss ble rather than by raising the duty on the finished product and we have enden ured to devise arrangements on these lines. If the Hooghly Ink Company were granted rebate of the duties on imported materials, subject t the limit that the t tal rebat for a given period was not t exceed Rs 4 per ton of printer s ink produced during that period, their grievance would be removed. Moreove , since the duties actually paid amount to bout Rs 62 a ton, the revenue w uld be safeguarded for the rebate would always be less than the duties paid on th materials used In these circumstances elabor at administrative arrangements to preve t fraud would probably not be necessary If the issue could be narrowed down to the interests of single company an arrangement on these lines would, we think be quite feasibl I fact however there are ther aspect t be con id red W know th t th re have been other firms making p inter k in I dia though non h appeared bef re us d there is no reason t all why new firms hould n t engage in th industry Th machinery is not expensive no heavy capital outla is required and labour is easily trained The proposals we make ought we consider to provide not only for firm with an output of 150 t ns a year manufacturing a wide variety of inks but also fo the small firm with n output f 20 or 30 tons and probably making only th cheapest qualities. If th works were situated up-country, the administrative arrangements connected with the payment f rebates would become much more difficult, and if th firm did not import its materials direct, but purchased them from dealers in India the whole system of rebates might be unworkable There is, moreover a further difficulty A firm making only the cheapest qualities of black ink would use far smaller proportion of th expensive dyes and pigments and the Customs d ties paid on imported material would be much less than Rs. 62 per ton of ink produced. The limitation of the rebate to Rs 47 per ton of ink manufactured would then cease to operate as a safeguard, for it might easily exceed th d ties actually paid. It would probably be necessary to make detailed enquiry in th case f each firm and calcul t separately a suit ble limit for each W do not think th t plan involving su h consequences can be regarded as satisf ctory

Rebate of duties on materials found to be impracticable.

16 For th reasons give in the last paragraph we are compelled t d smiss the idea of removing the tariff anomaly by system f rebates of the duties paid on imported materials and we must f ll ba k therefore on the lternative plan. We recommend that the Customs duty on imported printer's ink be raised from ½ to 5 pe cent. ad valorem This is by far the simplest and most direct method f dealing with th case nd it places all firms who may engage in the manufacture on n equal

Proposed increase in the duty on Printer Ink to 5 per cent

footing If the higher duty had meant a substantial increase in the cost of printing, there might have been room for hesitation, but it has already been shown that the effect is negligible The 5 per cent duty will not amount to more than one-seventh of one per cent of the cost of printing, and the additional burden imposed on the consumer by the increase of duty will not exceed Rs 20,000 a year

Alleged promise as to duty on materials

17 There are two points which must be briefly referred to in closing In a letter dated 12th July 1923 and addressed to the Commerce Department of the Government of India, the Hooghly Ink Company said that the Company was established in 1913 " because of the expressed desire of the Government of India to buy printing inks manufactured in India," and again in the same letter " We were assured that an equal duty would be put on imported inks or that our raw materials would be allowed in free " Finally, in another letter dated 9th January 1924 the Company said " At that time the Controller of Printing, Stationery and Stamps suggested that printing inks should be manufactured in India, and to meet his wishes the factory was started " We have no difficulty in believing that both the Government of India and the Controller favoured the manufacture of printing inks in India But the quotations rather suggest that both authorities assumed some degree of responsibility for the enterprise, and that a promise or pledge was given about the duties on raw materials We endeavoured to ascertain whether these assertions could be substantiated by documentary evidence, but none has been produced It would appear, however, that the Chairman of the Richardson Printing Ink Company visited India in the cold weather of 1910-11, and, as a result of the information then acquired, decided to start the factory, which was subsequently taken over by the Hooghly Ink Company Mr Richardson in his oral evidence said " I was given clearly to understand by the Chairman of my firm, who is my father, that Government were, at the time when he came out, very keen on manufacturing ink in India, and it was owing to my father seeing Mr Cogswell, who was then Controller of Printing, Stationery and Stamps, that we decided to start He was extremely keen on having a factory " It is very probable, therefore, that whatever passed in 1910-11 was in oral discussion and not by letter It has not been established that a promise was in fact given, and we have not based our recommendation on anything that was said in 1910-11

Alleged inferiority of ink made in India

18 The second point is this It was several times asserted in the representations received from importers and British manufacturers that the quality of the ink made in India was inferior and that for many years India could not hope to manufacture the higher priced and better qualities of ink The Manager of the *Times of India* also drew our attention to the fact that certain consignments of ink supplied to his Press by the Hooghly Ink Company had been unsatisfactory If it were a question of protecting the

industry t would clearly ha e been necessary for us to satisfy urselves as to th quality of the ink prod ced in India in order to determine what prospects th industry had of ultimate success But if as we have proposed, the industry is to be left to fight its own battles unaided the question f quality can safely be left to th consumer If he finds the ink produced in India unsatisfactory h has his remedy Th evidence we have taken on this poi t however has n t led us to form any conclusion ad erse to I dian printer nk and t i right that we should draw attention to the pinion expressed by the Controller f Printing Stationery and Stamps, who states that the quality of the ink supplied by the Hooghly Ink Company has always proved satisfactory He adds that for th qual ty f ink mainly used in th Government of India Presses, th sample sent in by thi Company in connection with th current year contract proved to be the best ink when submitted to the practical test, and also passed the chemical test successfully

Conclusion.

19 W desire in conclusion to record our obligations to the firms wh have given evidence and to thank them for their ready response to our requests for information

G HAINY—*President*

P GINWALA } *Member*
V G KALE }

G O F RAMSDEN—*Secretary*

F bruary 26th 1925

Part II.—Evidence.

Press Communiqué.

No I

(Dated 17th April 1924)

In the Resolution of the Government of India in the Commerce Department, applications for protection on behalf of the following industries have been referred to the Tariff Board —

Printers' ink

The Board hope that those firms or persons engaged in the industries enumerated above, who consider that protection should be granted, will, if no representation on their behalf has yet been presented to the Government of India, submit their representations to the Board without delay

2 It is the intention of the Board to obtain from the applicants full statements of the facts on which they rely in support of their claims, and for this purpose questionnaires have been drawn up specifying the points on which information is required As soon as replies have been received, arrangements will be made to examine orally representatives of the firms applying for protection and the written and oral evidence taken will then be published Thereafter all persons who consider that their interests are likely to be affected by the proposals made, or desire either to support or to oppose the claims to protection, will be invited to submit written representations to the Board and to say whether they desire to tender oral evidence in addition

3 The Board believe that the procedure outlined above will conduce to the public convenience and will facilitate their enquiries Until the case for protection has been developed and the most important facts have been ascertained, it is difficult for commercial bodies, or other persons interested, to understand exactly what is proposed or to express their views adequately on all aspects of the case When opinions are invited, they will be asked for by a date so fixed as to allow a sufficient interval after the publication of the evidence for its study and examination But since the Board's tour programme must be settled some time in advance, it is desirable that those who intend to give oral evidence, or think it likely that they will do so, should send early intimation to the Board

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No II

(Dated 22nd July 1924)

In a communique dated the 17th April 1924, the Tariff Board outlined the procedure they had decided to adopt in their enquiries into the industries referred to them in the Resolution of the Government of India in the Commerce Department No 38-T , dated the 10th April 1924 The first stage was to obtain the evidence of the applicants for protection, and the second to publish this evidence—whether written or oral—so that all interested might give their

opinions after they had had an opportunity of con idering the case put forward Th evidence tend red by the applicant for protection in the Printers Ink ndustry ha now been publ hed nd copies may be btained from th Ma ager Central Publicatio Branch 8 Hastings Street Calcutta price Eight annas.

2. Only one firm—The Hooghly I k Co —h addressed the Board regarding Printer s Ink d th written a d ral evidence tendered by them is ow p blished Th request made i that the Company hould be ex mpted from the payment of d ty on certain imported m t rials on which 15 per cent is levied wherea imported ink pa ly ½ per cent or n th alternative th t the duty on imported ink should be raised t 15 per cent

3 The Board will be glad t receive written representati n from all Publi Bodies Associ tions firm or persons who desire to be heard regarding the grant f protection t th Printers Ink industry

Oral evid nce will be tak n as follows:—

At Calcutta between the 21st August and th 6th September

At Bombay between th 9th and th 20th September

At M dra between th 1st and th 14th September

At Rangoon between the 19th November and th 2nd December

It is necessary that those wh desire t supplement their written represe tations by ral vidence should inf rm th Board with the least possibl delay so that the dates for taking vidence may be definitely fixed This is particularly mportant for those who desire to be examined t Calcutta, where oral vid nce will first be taken. The Board will leave Simla the 20th July after isiting Dehra Dun, Lucknow and Katni will arrive t Calcutta on the 10th August Th f llowing d tes h ve been fixed by th Board a th latest dates for receiving written representations or requests for *taking oral evidence* —

Request for oral examination t Calcutta.	12th August.
S bmission f written representations by those who desire to be examined rally t Calcutta	19th Augu t
Requests for oral examination t Bombay	*22nd August*
Submission of written representati ns by those who desire t be examined orally t Bombay	1st September
All ther written representations	30th September

The programm for oral examination t Madras and Rangoon will be arranged later All requests f oral examination should be addressed to th Secretary t the Board, N 1 Council House Street Calcutt and should be despat hed so as t arriv on or after th 1st August th date on which the Board s office will open at Calcutta

THE PRINTER'S INK INDUSTRY

No I —QUESTIONNAIRE FOR APPLICANTS FOR PROTECTION

I —Introductory

1 When was the firm which you represent established? Is it a public or private registered Company, or is it an unregistered firm?

2 To what extent is the capital invested in your firm held by Indians? How many Indians are Directors? How many Indians (if any) form part of the superior management?

3 Does your firm undertake the manufacture of printer's ink only or of other products as well? Please enumerate the other products (if any)

4 At what date did your factory commence to manufacture?

5 What is the full capacity of your factory, as at present equipped, for the manufacture of printer's ink?

6 What has been the actual of the output of the factory for each year since manufacture commenced?

7 Where is your factory situated? Do you consider it is advantageously situated in respect of—

(a) vicinity to the sources of supply of Indian raw materials,
(b) vicinity to the coalfields or other sources of power or fuel,
(c) vicinity to an important market,
(d) other considerations such as the existence of an abundant labour supply?

What do you consider the most important factor in selecting the site of a factory for the manufacture of printer's ink in India?

8 Enumerate the principal kinds of ink which are manufactured in your factory Taking the average of the last five years what is the percentage of the total output which each kind represents?

9 Do you claim that the ink manufactured by you is equal in quality to the imported ink?

II —Raw Materials

A —Produced in India

10 Of the raw materials required for the manufacture of printer's ink, please enumerate those which are produced in India From what parts of India does the factory draw its supplies of these raw materials?

11 What are your annual requireme ts of each of these raw materials:—

(a) according to your present rate of product on (which should be tated)

(b) according t th rat of output equivalent to the full capacity of the plant?

1 What quantity of each of these raw material is required for th production of one unit of printer i k? (The customary unit should be taken)

13 Please give the cost pe cu tomary unit delivered at th factory of each of these raw materials.

B—Imported

14 The following list has been given of the imported raw materials required for the manufacture of printer s ink —

(a) American G Bla ks

(b) Vegetable Blacks.

(c) Pigments f all shades made from aniline and alizarine dyes on metallic bases.

(d) M tallic pigments comprising Zinc White Flake Whit Alumina Whit Chrome Y llow and Green of all shades Prussian and Bronze Blues Ultramarine Blues Ambers Siennas and similar colours.

( ) Aniline dyes of all hades.

(f) American rosin.

(g) Gums of all descriptions both natural and synth tic

(h) Lithographi varnishes leine etc

Are there any other important raw materials which have to be im ported? If so please enumerate them.

15 What are your annual requirements of each class of materials specified in question 14 —

(a) according to your present rate of production (which should be stated)

(b) according to the rat of output equival at t the full capacity of the plant?

16 What quantity of each class of materials specified in question 14 is required for th production of one unit of printer s ink? (If more convenient, the quantities may be given per thousand, ten thousand or hundred thousand units)

17 Are all classes f materials specified in question 14 subject to an import duty of 15 per cent. at present? Please indicate the entry in the Tariff Schedule under which each class is dutiable.

18. From what country or countries do you import th materials specified in question 14?

19 What are the current prices for the classes of materials specified in question 14? If possible, please give for each class —

(a) f o b price in sterling,
(b) port of importation,
(c) freight, insurance, etc ,
(d) landing charges,
(e) transport charges to factory,
(f) Customs duty

20 What was the total amount paid by you as Customs duty on raw materials in the last three complete years for which figures are available? What percentage in each year was the Customs duty paid on raw materials —

(a) of the total cost of imported materials delivered at the factory,
(b) of the total works costs?

21 It has been stated that Indian rosin is not suitable for the manufacture of printer's ink Do you agree with this opinion? If so, please explain fully why Indian rosin is unsuitable Is it possible that the difficulties which prevent its use could be removed?

III —Labour

22 Do the processes of manufacture require much expert supervision involving the employment of skilled labour imported from abroad?

23 What number of imported labourers are employed at present, and what would be the number required if the factory were worked to full capacity?

24 What progress has been made since the factory was established in the substitution of Indian for imported labour? Is it anticipated that eventually the employment of imported labour will be unnecessary? What facilities are given for Indian workmen to acquire training in skilled work or for training apprentices?

25 How do the rates of wages paid to imported workmen compare with the rates paid for similar work in other countries?

26 What is the total number of Indian workmen employed, and what are the average rates of wages of the different classes?

27 Please give for the year 1913-14, and the last complete year for which figures are available —

(a) the total wages bill for Indian factory labour,
(b) the average wages per man in the different classes

The increases in the rates of wages between the two years should be stated, and the dates when they were given

28. Is th Indian labour force sufficient? Is it drawn from the vicinity of the factory or from other parts of India?

29 Has it been found that the Indian labourer improves with training? How does his efficiency compare with that of workmen in Western countries employed on similar work?

30 What arrangements have you mad for housing your labour and for p omoting ts w lfare n other d rections?

IV —Market

31 The valu of the printer' i k imported into India during th last four years ccord g t the Trad R turn is as follows:—

1920-21	Rs. 6,88 400
1921-22	Rs 3 30,349
1922-23	R 5 19 730
1923-24	Rs 4,89,_11

From your knowledge of the prices current t various period please estimate pproximately the quantities of pri t r's ink which these values represent.

32 What is th annual production of printe ink i India so far as you can estimate it? By what firms (if any) other than the Hooghly Ink Company is the manufacture carried on in India?

33 At the time th Company was established was any estimat made of the annual consumption of printer's ink in India? If so please state what t was. Do you consider t probabl that since then th consumption has ncreased?

34 What re the most important markets for the printer ink produced by th Company and t what distance from th factory are they situated? Is the cost of rail transport an important factor in limiting th abil ty of the Company t compet in any of these markets?

35 Is the pri t ink manufactured by you purchased by:—

( ) Government and

(b) public bodies such as Municipalities and Port Trusts?

If so please state th extent of their purchases and the prices paid during

( ) the war period;

(ii) each of th last five years

Were the prices received by you during th war the market prices then prev iling?

V —Foreign Competition

36 Which are the foreign countries from which competition in th Indian markets is keenest?

37 Please state —

(i) The prices at which imported printer's ink has entered the country and been sold during —

(a) 1913-14
(b) 1917-18
(c) 1921-22, 1922-23 and 1923-24

(ii) The prices realised by you for the same periods

N B—If possible, the f o b price (in sterling) of imported printer's ink should be given and the following items shown separately —

Freight
Insurance and trade charges
Customs duty
Landing charges

If this is not possible, then state the c i f price *plus* Customs duty and landing charges

38 From what sources is information obtainable as to the prices at which imported printer's ink enters the country? How far do you consider the information obtained from these sources reliable?

39 Have you any reason to suppose that prices at which foreign producers sell for export to India are unremunerative, i e, below the cost of production, or leaving only a small margin of profit to the producer? If so, please state fully your reasons and the evidence on which you rely

40 In which of the Indian markets is foreign competition keenest?

41 Is the ability of the foreign manufacturer to under-sell the Indian manufacturer in the Indian market attributable to any other causes besides the Customs duty on imported raw materials? If so, please state what these causes are

42 Do you consider that, as compared with the foreign manufacturer, the Indian manufacturer is at a disadvantage in all or any of the following points —

(a) the cost of plant and machinery,
(b) the cost of expert labour,
(c) the cost or efficiency of ordinary labour,
(d) the collection and transport of raw materials,
(e) the cost of raw materials and consumable stores,
(f) freights on finished goods,
(g) the maintenance of stocks of spare parts,
(h) Customs duty on imported materials,
(i) the raising of capital,

Where possible definite figures should be given e g , comparing th cost of pla t nd machinery erected in India with the corresponding cost in Western countries o comparing the wages of imported expert workmen in India with the wages they would draw in their own countries. If there are seasonal difficulties in con nection with the collection and tra sport of th raw materials these hould be explained.

43 Which f th disadvantages ment oned in your answer to question 42 do you regard as permane t and which as temporary? For what period in your opinion are th temporary disadvantages likely to operate?

VI —Equipment

44 Do you consider that your factory i sufficiently large as an economic unit of production to sure economy? What in your opinion is th smallest unit of production which can be operated economically under present-day conditions?

45 Does th manufacture of print s ink require the use of laborate and expens machinery?

46 What percentage of your total cap tal outlay has been in curred on plant and machinery?

47 Do you consider your machinery and other equipment sufficiently up-to-date nd efficient to enable you t compet successfully against the foreign manufacturer?

48 Have you, since 1917 adopted any new processes of manu facture or have you installed new plant and machinery in replacement of or in addition t the old plant? If so give a brief description of them and state whether the results have fulfilled the exceptions entertained.

49 Wh t parts of the ma hinery if any are mad in India?

VII.—Capital Account

50 What th block val e f your property as it stood in your books t the end of the last complet year for which figures are vailabl unde the following heads —

( ) Lands
(b) Buildings
( ) Plant and Machinery
(d) Other miscellaneous assets

51. Do the figures given in answer to question 50 represent the actual cost of the various assets or their value after depreciation has been written off? In th latter case please state the total amount written off for depreciation since manufacture commenced, and in th former case the total f the d preciation fund (if any) which has been accumulated.

52 Apart from any question of an increase in the replacement cost of plant and machinery due to a general rise in the price level, are the sums actually set aside for depreciation since manufacture commenced equal to, greater than, or less than, the sums which ought to have been set aside according to the rates of depreciation which you consider suitable? (See Question 66)

53 What do you estimate would be the present-day cost under the heads (*a*) buildings, and (*b*) plant and machinery, of erecting a factory having the same output as your present factory? How does the figure compare with the block value of your present factory under the same heads, and would the operating cost of a new factory established now be greater or smaller than yours?

54 What is the total (*a*) authorized, (*b*) subscribed, (*c*) paid up capital of the Company? How is it divided between Preference, Ordinary and Deferred shares?

55 At what rate of interest is the dividend payable on the Preference shares? Are these shares entitled to cumulative dividends? If so, state the dates on which they were first entitled to rank for dividends and whether any dividends are in arrears

56 Under what conditions do the Deferred shares participate in the profits of the Company?

57 Please prepare a statement showing for each year since the establishment of the Company—

(*a*) The amount of the paid up share capital (Preference, Ordinary and Deferred) ranking for dividend

(*b*) The actual amounts distributed as dividends on each class of capital

(*c*) The percentage on the paid up share capital of each class which the dividend represented

58 What is the average rate of dividend on the Ordinary shares for the full period?

59 What is the amount of the debenture loans (if any) raised by the Company? At what dates were they issued, and what is the rate of interest payable? If any period has been fixed for the redemption of the debenture loan, it should be stated Similarly, if a debenture sinking fund has been establisheld, the annual rate of contribution should be given

60 What is the amount of the Reserve Fund (if any) created by the Company? Has this amount been accumulated from surplus profits, or from other sources, *e g* , by the issue of shares at a premium?

VIII —Cost of Production

The cost of production falls under two heads —

(*a*) Works costs, and

(*b*) Overhead charges

The latter head—overhead charges—includes:—

(i) Interest on working cap tal

(ii) Depreciation

(iii) Head office expenses and Agents commission

Th head Works Cost covers all other expenditure on the production of printer s ink. Th dividends on share capital are not included in the cost of production nor i the interest on debenture and other loans n so far a th sums so raised have been devoted t fixed cap tal expenditure

(a) *Works Costs*

01 Please fill up the two Forms annexed to the questionnaire regardi g Works Costs

The following explanations may be useful:—

( ) Th Board are anxious to have as full information as possible regard g th cost of production but they recognise the difficulty which manufacturers may feel in disclosing to the public the details of their practice and th ir works costs Great stress was laid on the importance of publicity in paragraph 303 of the Fiscal Commission Report, and the Board also have explained the views they hold in paragraph 41 of their Third Report on the Grant of Protection t the Steel Industry It rests with the manufacturers themselves t decide what information can be given publicly and nothing will be published which the wit ness desires t be treated as confidential At th same time, *the Board cannot base their recommendations* m rely on confidential information Th publication of th details of the works costs f each firm may not be essential because the Board may be able by com parison of th various figures submitted t arrive at a tandard or verage figure for each item. But it is very desirable that the total of the works costs should be disclosed in all cases

(b) In Form I th actual expenditure of th year under th various head should be hown whereas in Form II t is the cost per unit of output that is desired.

(c) The years for which figures have been ked for are 1913-14 1921-22 1922-23 and 1923-24 If however the costs during the first year of manufacture are not regarded as typical th figures for 1914-15 may be given For the post war period the figures of the last three compl te years for which figures are avail bl hould be taken.

(d) The figure given against raw materials, Indian or imported, should be the cost delivered at the factory but excluding, in the case of imported materials, the Customs duty

(e) If at any stage of the process of manufacture materials are recovered and can be used again, the credits taken for such recoveries should be entered in Form II, and the manner in which such credits are taken explained

62 Was the works cost increased in any of the years for which figures have been given owing to the fact that the factory was working at less than its full capacity? If so, which were the items principally affected? To what extent would they probably have been reduced if a full output had been obtained?

63 Do you regard the works cost of the last year for which figures have been given as abnormally high for any other reason? If possible, furnish an estimate of the works cost for some future year on the assumption that—

(a) conditions are normal,

(b) an output is obtained equivalent to the full capacity of the plant

64 Have you adopted a system of cost accounting? If so, will you place before the Board, for examination and return, your cost sheets for the last complete year for which they have been prepared?

65 Are you in a position to furnish the Board with information as to the works costs of printer's ink in any competing country for any year since the war?

(b) Overhead charges

(i) Depreciation

66 What are the rates of depreciation allowed by the Income-tax authorities? Do you consider that, in calculating the cost of production of printer's ink, these rates of depreciation are suitable? If not, what rates do you suggest, and why?

67 What is the sum required annually for depreciation at Income-tax rates on the total block account—

(a) if the assets are valued at cost,

(b) if the assets are taken at their value after deducting all depreciation written off up-to-date?

The depreciation should be shown separately for —

Buildings

Plant and machinery in continuous operation

Other plant and machinery

Other assets

If you consider that rates other than the Income-tax rates should be adopted, please calculate the sums required annually for depreciation at these rates also

68. Taking the figures given by you in answer to question 63 as the present-day cost of the build ngs and machinery required for a factory having th same output as your present factory cal culate th sum required annually for depreciatio t Income-tax rates and at the rates you consider should be adopted if you think the Income-tax rates are unsuitable.

69 Taking th total amount of depreciation t be written ff ccording t the various method given in questions 67 and 68 what is the incidence per unit of productio —

(a) according to the present output of the factory (which sh uld be t ted)

(b) according t the output equivalent to th full capacity of the plant?

(ii) Working C pital.

70 What is the working capital which th Company requires—

( ) ccording to its present output and

(ii) according t the output equivalent to its full capacity?

71 I th Company ble to provide all th working capital it requires from share and debe ture capital or is it necessary to borrow additional capital for this purpose?

72. If additional working capital has to be borrowed what is th amount borrowed and the rate of i terest payabl ?

73 Compare the working capital with th cost of on month s output (works cost only excl ding overhead harges)

74. What th average valu of the stocks of finished goods held by the Company? What period normally elapses between production and payment?

75 Do the Company find it necessary to hold large stocks of coal or raw materials? If so the average value of the stocks held should be stated.

(ii) Age t Commiss n and Head Office xpe es

76 Ha the Company Head office other than th office of th local management? I it under th control of a firm of Managing Agents?

77 If the answer to (a) is in the affirmativ stat —

( ) the annual amount of th Head office expenses.

(ii) the Agents commission.

78. How i th amount of the Agents' commission determined?

79 What is the cost of —

( ) Head office expenses

(ii) Agents' commission

per unit of production according to —

(i) the present output,

(ii) the output equivalent to the full capacity of the plant?

IX —Manufacturer's profits

80 What rate of dividend do you consider a fair return on Ordinary and Deferred shares?

81 If your Company contemplated the establishment of a new factory, or the extension of the present factory, what rates of interest do you consider would be necessary to offer on (a) Preference shares and (b) Debentures in order to attract capital, assuming that the profits made in the industry showed a substantial margin after providing the interest on the existing shares or debentures?

82 If it were decided to issue Ordinary shares, what do you consider would be the minimum probable return which would be likely to attract investors?

83 What is the incidence per unit of production of —

(a) the fair return on the Ordinary and Deferred shares as given in answer to question 80,

(b) the full dividends on the paid up Preference shares,

(c) the full interest on the Debentures, in so far as the proceeds of the Debentures have been devoted to fixed capital expenditure and not used as working capital?

N B —The figure should be given both on the present rate of output and the output equivalent to the full capacity of the plant

XI —Claim to Assistance

84 Are you satisfied that, if the existing Customs duty on imported materials were removed, the manufacture of printer's ink in India could be carried on successfully in competition with the imported ink?

85 In paragraph 97 of their Report, the Fiscal Commission laid down three conditions which in ordinary cases ought to be satisfied by industries claiming protection Do you consider that those conditions are satisfied in the case of printer's ink industry And in particular —

A —Do you claim that the industry possesses natural advantages, such as an abundant supply of raw materials, cheap power, a sufficient supply of labour or a large home market?,

B —Do you claim that, without the help of protection, the industry is not likely to develop at all or is not likely to develop so rapidly as is desirable in the interests of the country?

C.—Do you claim that the industry will eventually be able to face world compet tion without protection?

These conditions have been approved by th Government of India and by the Legislative Assembly and it is therefore of great import nce t ascertain whether they are satisfied If you consid that the dustry fulfils these conditi the reason for your opinion hould be fully explained.

86 Do you claim that print r ink industry satisfies either or both of th conditions mentioned n paragraph 98 of the Fiscal Commission Report viz —

(*a*) That the industry is one in which the advantages of large scal produ t on can be hieved and that in reasi g output would mean increa g economy of production

(*b*) That t probabl that i course of time th whol need f th country could be supplied by th hom production?

87 Do you cons d that the industry is f mport nce on national ground d therefore deserves protect on part from economic considerations?

88 It st ted rr th Compa y lett t th Government f India in the Commerce Department dated 12th July 1923 that th Compan w est bli hed in 1917 been se f th expressed desire of th Government of India to buy Printing Inks manufactured in India. Again in the same l tter it is said "W were assured th t n equal duty would be put imported inks o that our raw mat rial would be allowed in free " Finally in th Company l tt dated 9th J nuary 1924 it said "At that tim th Controll of Printing St tionery nd Stamps uggested that Pri ting Ink should be manufactured n India, and to meet his wishes the factory was started. " The Board would be glad to have fuller information regarding the desire expressed by th Government f India th assura ces given by some authority not named, d th suggestions and wishes f th Controller of Printing Statio ry and Stamps, and t be supplied with cop es of th correspondence n which th statements quoted bo are based.

89 Do you desire that the duties on the raw materials enumerated in qu stion 14 should be entirely removed or merely th t th materials required by the Company tself hould be exempted from duty? In the latter case wh t safeguards would you suggest in order to ensure that the benefit of th concession was limited to th materials actually used for th manufacture f printer's ink?

90 Would n rrangement be feasible by wh ch th Company wa granted rebate of Customs duty on imported materials in proportion to the outturn of printer' ink? For this purpose how are th quantities of imported materials required per unit of output to be determined?

FORM I

Statement showing the total expenditure incurred on the production of printer's ink during certain years

(See question 61)

—	1913 14	1921 22	1922 23	1923 24
(1) Indian raw materials				
(2) Imported raw materials without duty				
(3) Customs duty on imported materials				
(4) Labour				
(5) Power and fuel				
(6) Other expenditure				
Total				
Total production of printer's ink for the year				

FORM II.

Statement showing the works cost per ton of printer's ink

(See question 61.)

—	1913-14.	1921-22.	1922-23.	1923-24.
(1) Indian raw materials				
(2) Imported raw materials without duty				
(3) Customs duty on imported materials				
(4) Labour				
(5) Power and fuel				
(6) Other expenditure				
Total				
Credit for materials recovered (if any)				
Nett total				

No II —QUESTIONNAIRE SENT TO THE COLLECTOR OF CUSTOMS, CALCUTTA

I am directed to enclose a copy of a memorandum drawn up by the Tariff Board in connection with the application by the Hooghly Ink Company for the removal of the import duties on certain raw materials

2 I am to request that the Board may be favoured with an expression of your opinion on the question set out in paragraph 9 of the memorandum

QUESTIONNAIRE

The Hooghly Ink Company, Limited, Howrah, has complained that it has to pay customs duty at 15 per cent on the imported materials required for the manufacture of printer's ink whereas the duty on imported ink is only 2½ per cent The Company accordingly asks for relief from the customs duty on the following imported materials —

(*a*) American Gas Blacks

(*b*) Vegetable Blacks

(*c*) Pigments of all shades made from aniline and alizarine dyes on metallic bases

(*d*) Metallic pigments comprising Zinc White, Flake White Alumina White, Chrome Yellow and Green of all shades Prussian and Bronze Blues, Ultramarine Blues, Ambers Siennas and similar colours

(*e*) Aniline dyes of all shades

(*f*) American rosin

(*g*) Gums of all descriptions, both natural and synthetic

(*h*) Lithographic varnishes, oleine, etc

2 The Hooghly Ink Company is a private limited company incorporated in London and the shares are held entirely by three British firms who manufacture printer's ink, *viz*, Messrs A B Fleming & Co of Edinburgh, Messrs B Winstone and Sons of London and the Richardson Printing Ink Company The paid up share capital of the Company is £20,000 The output of the Company for the last three years is as follows —

	Quantity	Value
	lbs	Rs
1921	254,477	2,46,667
1922	348,156	3,10,111
1923	346,717	2,96,741

The con umption of imported mat rial in 1923 was f llows —

	Quantity	Value.
	lbs.	Rs.
( ) Am rican Blacks	77 615	32,093
(b) Vegetable Bla k	4 005	2 707
(c) (d) (e) Pigments and dyes	20 317	32 45
(f) Ros n	10 380	13 457
(g) Gums	3 581	1 422
(h) Lithographic varnishes t	13 803	7 042
	105,821	90 378

A th present rat of output the customs duty on imported materials comes to about Rs. 10 000 year which is about 3¼ per cent of the total works cost on th production of printe s ink.

3 P mâ facie suffi ent grounds have not been made out for the abolition or reduction generally of th customs dut es on th imported mat ri ls most f wh ch are used f many other purposes besides th prod cti n of printer ink If therefore effect is to be given to th Company wishes, t must pparently be don by some system f exemption or rebat pplicable only to manufacturers of printer ink. It on this aspect of the case that th T riff Board desire the dvice f th Collector f Customs, nam ly th possib lity f devising workabl system of exemption r rebat th administrative diffi ult es lik ly t be encountered and the safeguards necessary t nsure that th concession is strictly lim ted to th purpose for which t is given

4 Fraud or evasion is lik ly to occur in on or other of two ways —

( ) If rebat f duty were granted on materials which had not in f ct been imported.

(b) If rebat of exemption from, customs duty is granted in respect of imported materials not ctually used f r the manuf cture of printer ink.

It would seem therefore, that if concession is given t a firm it is necessary t know as ccurately as possibl —

(1) Th ctual quantities f th various materials mported by *th firm during given period.*

(2) The ctual quantities of materials used for th manufacture of printer ink during th sam period

It is presumed that there would be no particular difficulty about (1) for the fact of importation could no doubt be proved by th pro-

duction of documents which would be subject to verification by customs records It is the second point, therefore, that requires special examination

5 In the case of some industries, where the process of manufacture is uniform and regular, an automatic check on the quantities of materials used is provided by the actual output of the factory The quantity of a particular material required to secure a given output may vary very little, and for practical purposes it may be taken as uniform In the case of printer's ink the evidence shows that this condition is not fulfilled Very many varieties of ink are manufactured in a single year, and the ingredients vary so widely that the output for the year cannot be taken as the index of the quantities of any particular material actually used

6 It has been suggested that the concession should take the form of a rebate of customs duty, the amount to be calculated quarterly in accordance with the quantities of materials actually used as shown by the Company's books which would be at all times open for inspection by Customs Officers The rebate, it is argued, is a better system than exemption from duty at the time of entry, because in the latter case the concession takes effect at a time when it is impossible to say for certain whether the materials will in fact be used for the ostensible purpose for which they are imported The rebate, on the other hand, is only granted on materials ascertained to have been used in the manufacture of printer's ink and is, of course, subject to proof that customs duty has actually been paid on the materials It is assumed, of course, in this proposal that the firm's books are accurately kept

7 The risk of a rebate of duty being claimed in respect of materials not actually imported seems to be small in this case The great majority of the materials are not produced in India at present, and are not likely to be produced for many years Rosin is the chief exception, but Indian rosin has been found entirely unsuitable for the manufacture of printer's ink and after repeated attempts the Company has been obliged to forego its use In any case so long as the quantity of a given material on which a rebate is given does not exceed the quantity actually imported by the firm the risk of loss to the Revenue seems inappreciable

8 The Board have heard of two or three other firms which manufacture printer's ink at Calcutta and Lahore, but none of them has approached the Board, and particulars as to their operations are lacking The only firm in India apparently which is manufacturing printer's ink on a large scale with modern machinery is the Hooghly Ink Company

9 The following are the main points on which the Board would be glad to have the opinion of the Collector of Customs —

(1) If a special concession is granted to the manufacturers of printer's ink, should it take the form of exemption from customs duty on specified materials at the time of importation, or a rebate of customs duty on the materials actually used for the manufacture of printer's ink

(2) If the rebate system is pref rred do you consider t would be saf to rely on th books of th Hooghly Ink Company as showing ccurately the materials actually used for th manufacture of printer s ink provided these book are open t all times f inspection by Customs Officers?

(3) If you are unable t answer (2) in the affirmative can you uggest any add t onal safeguards which it would be ad sable t take?

(4) Would it assist th Customs Officers if expert dvice could be obtained from th Controller of Print ng on the quest on whether th quantities of mat rials alleged to have been used in the production of a particular kind of ink w re reasonable?

(5) Do you consider t advisable that th accounts of th material used hould be kept by th Company in form to be prescribed by the Cust m Authorities? I it desir able also that the Company should maintain a complete record f ts output of the various kinds of ink n som prescribed form?

(6) Do you consid that any special safeguards are necessary or possible t nsure that rebates are granted only on materials ctually imported apart from th check provided by the total mportations of the firm.

(7) W uld dministrative difficulties becom serious if the concession were xtended to several other firms manufacturing printer ink? Even if th Hooghly Ink Company could be trusted to maintain accurate records of the quant ties of mat rials consumed in manuf ture could th sam confidence be placed in the books of man facturing firms gen rally?

(8) Would t be poss bl to apply the rebate system t firms manufacturing up-country e g t Lahore? In th t case would it be necessary t limit the concession to import tions at one particular port? How could the periodical inspection of the firm books be arranged for?

(9) It ha been assumed up t this point that th rebat would not be sought except on direct importat ons. Would it be possibl t pply th rebat system to imported materials purchased in India?

(10) Is it lik ly that th administrative rrangements and safeguard would invol substantial expense? If so could th case be met by limiting the rebat f th duty t (say) nine-tenths fifteen-sixteenths of th duty?

(11) Have similar concessions been granted in the past t particular firms or industries? If so please describe th rrangements mad to prevent fraud or evasion. H ve these concessions been found difficult to work or have attempts t use them improperly been noticed?

(12) Is the list of materials on which relief from duty is sought sufficiently definite and detailed for Customs purposes? If not, what additional information should the Company be asked to supply in order that the list may be got into shape

(13) Would it be possible, as an alternative to a rebate of or exemption from duty, to introduce a system by which the imported materials would be kept in a bonded warehouse at the works, from which issues would be made only by a Customs Officer? What expense would such a system probably entail and would it be necessary for a Customs Officer to be present constantly in the premises during working hours?

(14) It has been suggested that the Company should be granted a rebate of (say) nine-tenths of the duty actually paid within each year, subject to a maximum limit to be fixed by competent authority The limit would not be increased except on the application of the firm and after a special enquiry What is your opinion on this suggestion?

Witness No 1

THE HOOGLY INK COMPANY, LIMITED, HOWRAH

A —Written

Statement I —Representation, dated 9th January 1924, to the Government of India, Department of Commerce

1 We have the honour to bring to your notice that for several years prior to 1913 the Richardson Printing Ink Company, Limited, Gateshead, United Kingdom, supplied printing inks for the use of the Government of India

At that time the Controller of Printing, Stationery and Stamps, India, following the expressed wish of the Government of India to encourage local industries suggested that printing inks should be manufactured in India, and to meet his wishes this factory was started in 1913 as a branch of the Richardson Printing Ink Company In 1920, the branch factory was floated as a separate Company under our present designation Hooghly Ink Company, Limited

In 1913 there was no duty on printing inks whereas duty on the raw materials for manufacturing them was 5 per cent

We were assured, however, that we would be put on an equality in this matter, but on our taking up the question with Government of India through the India Office we were informed that nothing could be done Since then our position has become very much worse for whereas duty on printing inks is only 2½ per cent that on the materials composing them is 15 per cent

This virtually means that the Government of India instead of assisting this local industry is putting a tax of 12½ per cent on it thus assisting our German, American and English competitors

2 We respectfully submit that this is illogical and not equitable and this will be evidenced from the following facts —

(a) From the earliest periods of British history in India all considerations of revenue have been subordinated to the needs of education and the spread of Western culture in India For this reason books, periodicals and newspapers are even now allowed to be imported free of duty

(b) For the same reason printing inks, presses, and printing materials of all kinds have been left untaxed until recently and the duty on these goods at the present time is only a nominal one, *viz*, 2½ per cent

(c) Wood pulp, a raw material necessary for the manufacture of paper is admitted free of duty into India but the raw materials used in the manufacture of printing inks are adversely taxed to the extent of 12½ per cent, though printing inks are no less essential than paper for the printing of books for the spread of education

(d) The differential treatment meted out to raw materials necessary for the manufacture of paper and those required for the manufacture of printing inks is all the more difficult to understand when it is considered that wood pulp is procurable in India whereas raw materials necessary for the manufacture of printing inks cannot be obtained in this country

3 Except in the case under reference, the Government of India have all along given special facilities and exemptions from import duties on raw materials for the various Indian industries detailed below —

(i) By Notification No 4709-S R, dated the 10th September 1891 the

issue free of duty of salt to the manufacturers of glazed stoneware was allowed.

(ii) Finance and Commerce Department Notification No. 768-S R., dated the 14th February 1896, allowed the importation free of duty of certain articles used in the weaving of cotton and in the baling of woven cotton goods.

(iii) Notification No. 2114-S R dated the 20th April 1903, allowed the free issue of salt used in any process of manufacture.

(i) Commerce and Industry Department Notification No. 305—38 of 23rd January 1906 allowed all materials required for the manufacture of tea chests to be imported free of duty on the ground that tea chests imported were duty free at that time.

( ) Bengal Government Financial Department Notification No. 3055-S R d ted the 26th March 1914, allowed the grant of drawback of d ty on imported Soda Ash used b the Magadi Soda Company in the manufacture of soda, crystals, bi-carbonate of soda nd caustic soda for exportation, though such drawback is proh bited under th Sea Customs Act.

( ) Government of India Finance Department Notification No. 1069 S R., dated the 21st August 1923, exempted the India Cable Company, Limited, from payment of duty on electrolytic copper rods used by them in the manufacture of electric wires and cables in their factory T tanagar

4. Thus t will be seen that the action of the Government in all cases cited in the foregoing paragraphs forcibly rgues in our f vour and that the case cited in sub-paragraph ( ) thereof is on all fours with our case

Under these circumstances we hope that an order may be passed allowing the raw materials (enumerated below) used in the manufacture of printing inks to be imported at duty not exceeding 2½ per cent. otherwise we shall be under the painful necessity of closing down our factory here being unable to compete with foreign manufacturers under the unfair terms imposed on us by the present import tariff

A list of materials imported for the manufacture of printing inks is attached.

Enclosure.

American Gas Blacks.

Vegetable Blacks.

Pigments of all shades made from Aniline and Alizarine dyes on Metallic bases.

M tallic pigments comprising Zinc White, Flake White, Alumina White, Chrome Yellow and Green of all shades, Prussian and Bronze Blues, Ultramarine Blues, Umbers, Siennas and similar colours.

Aniline dyes of all shades.

American Rosin (Indian Rosin is not suitable for the manufacture of printing inks).

Gums of all descriptions, both natural and synthetic.

Lithographic Varnishes Oleine, etc.

Statement II —Representation, dated 12th July 1924, t th Government of India, Department of Commerce.

In accordance with procedure we stat below our reasons why we consider protection should be accorded to printing ink manufacturers.

The Hooghly Ink Company Limited, was established in 1918 by the Richardson Printing Ink Company Limited, Gateshead, because of the expressed desire of the Government of India to buy Printing Inks manufactured in India. The latter Company had for several years previously supplied Government requirements from their Home factory

At that time we were informed it was the Government's policy to encourage local industries In 1913 the duty on imported printing ink was *nil*, and on raw materials necessary for its manufacture, the duty was 5 per cent We pointed out this handicap to manufacturing here, and were assured that an equal duty would be put on imported inks or that our raw materials would be allowed in free

Since then our position has become worse and worse, and now the duty on imported printing ink is 2½ per cent, whereas the duty on raw materials for its manufacture is 15 per cent so that the present position of our industry is that the foreign importer is protected against the Indian manufacturer to the extent of 12½ per cent, and it is this injustice we require to be removed

Our own Company and other Indian firms are in a position to supply the whole of the printing ink used in India, but we cannot compete against German, American and English competition as long as this adverse duty exists

Paper is an industry analogous to our own and must be used in conjunction with printing ink, but it enjoys the privilege of getting its raw materials in at 2½ per cent duty whereas the duty on imported paper is 15 per cent We know of no reason why printing ink should not be treated in a similar manner

Our factory is equipped with the most modern and efficient plant and the quality of our manufacture is equal to any foreign printing ink

We trust we shall be given an opportunity of stating our case before the Tariff Board feeling confident they would appreciate the justice of our request

Statement III —Original representation, dated 14/16th April 1924, to the Tariff Board

We have the honour to bring to your notice the reasons why we consider protection should be accorded to Printing Ink Manufacturers

The Hooghly Ink Company, Limited, was established in 1913 by The Richardson Printing Ink Company, Limited Gateshead At that time the Controller of Printing, Stationery and Stamps, India, following the expressed wish of the Government of India to encourage local industries suggested that printing inks should be manufactured in India, and to meet his wishes this factory was started as a branch of the Richardson Printing Ink Company In 1920 the branch factory was floated as a separate Company under our present designation Hooghly Ink Company, Limited

In 1913 the duty on imported printing ink was *nil*, and on raw materials necessary for its manufacture, the duty was 5 per cent We pointed out this handicap to manufacturing here, and were assured that an equal duty would be put on imported inks or that our raw materials would be allowed in free

Since then our position has become worse and worse and now the duty on imported printing ink is 2½ per cent whereas the duty on raw materials for its manufacture is 15 per cent

This virtually means that the Government of India instead of assisting this local industry, is putting a tax of 12½ per cent on it

Paper is an industry analogous to our own, and must be used in conjunction with printing ink but it enjoys the privilege of getting its raw materials in free of duty whereas the duty on imported paper is 15 per cent We know of no reason why printing ink should not be treated in a similar manner

Our factory is equipped with the most modern and efficient plant, and the quality of our manufacture is equal to any foreign printing ink

We have every confidence that the Tariff Board after hearing our case will appreciate the justice of our request

Statement IV.—Replies to questionnaire submitted by the Hooghly Ink Company Limited, dated 20th June 1924.

INTRODUCTORY

1. The present Company was incorporated on January 20th 1920, in London and is a Private Limited Company.

2. There are neither Indian Directors nor Share-holders, but only two Europeans are employed in India, viz., the Managing Director and an Assistant Manager.

3. Printing inks of all kinds only.

4. The factory was started by The Richardson Printing Ink Co., Ld. one of the Companies amalgamated in the Hooghly Ink Co. in January 1914.

5. With present plant say 400,000 lbs. per year, but this would depend entirely on the qualities of inks made and should demand much exceed the present output we should instal new machines. The cost of these is only about £300 each. We have therefore in subsequent questions refrained from replying to queries re total capacity of plant.

6.

	Weight	Value
	lbs.	Rs.
April 1st, 1914 to March 31st, 1915	83,743	36,983
April 1st, 1915 to March 31st, 1916	*117,665*	*41,178*
April 1st, 1916 to March 31st, 1917	133,785	63,864
April 1st, 1917 to March 31st, 1918	176,878	1,27,830
April 1st, 1918 to March 31st, 1919	212 470	1,84,865
April 1st, 1919 to January 31st, 1920	198,886	1,64,234
As Hooghly Ink Co. Ld.		
February 1st, 1920 to January 31st, 1921	208,045	1,76,865
February 1st, 1921 to January 31st, 1922	254 477	2,48,667
February 1st, 1922 to December 31st, 1922	348,186	3,10,111
January 1st, 1923 to December 31st, 1923	346,717	2,96,741

7. 427 Grand Trunk Road, Howrah.

(a) Yes Linseed and mineral oils are obtainable locally.

(b) Yes, electrical power is obtainable.

(d) Yes, the Calcutta market for printing inks is the largest in India.

It is necessary that a printing ink factory should be at one of the ports as otherwise railway freights would have to be paid on all imported materials.

8. Printing inks are of so many kinds that it is difficult to answer this question. Roughly they could be divided as—

Black Newspaper Inks, Letter-press	50%
Better Quality Black Letter-press	25%
Black Lithographic	10%
Coloured Letter-press	10%
Coloured Lithographic	5%

9. Any quality of printing ink can be made in India in every respect equal to similar imported ink.

II Raw Materials

10 *Mineral Oils* from Burma Oil Co
Linseed Oil from Gourepore Co , Calcutta
Vegetable Black of our own manufacture

11 In year ending December 31st, 1923, we used—

Mineral Oil	149,273 lbs
Linseed Oil	22,241 ,,
Vegetable Black	31,465 ,,

12 It is difficult to answer this question

Linseed oil in coloured inks may be used in proportions varying from 25 per cent to 60 per cent of the completed ink In black inks it may comprise 50 per cent of the whole

Mineral oil in black inks not containing linseed oil may be as high as 80 per cent or as low as 40 per cent

13 *Linseed Oil* Rs 2-12 per gallon which is equivalent to about £45 per ton as against the present London price of £37 per ton It would pay to import the latter oil were it not that duty is 15 per cent on a Tariff valuation (*vide* Import Tariff Serial No 37 in Schedule 75) of Rs 4-8 per gallon, *i e* nearly 30 per cent on the London price

Mineral Oil Rs 230 per ton, say £15 per ton as against London price for a similar oil £12 per ton Import duty on such an oil is 7½ per cent *ad valorem* It would not pay to import this oil

14 The list given covers all chief ingredients used

15 We used the following in the year ending December 31st, 1923 —

(*a*) American Blacks	27,615 lbs	value Rs 32,693
(*b*) Vegetable Blacks	4,055 lbs	value Rs 2,707
(*c*) (*d*) (*e*) } Pigments and dyes	26,317 lbs	value Rs 32,457
(*f*) Rosin	100,380 lbs	value Rs 13,899
(*g*)	3,531 lbs	value Rs 1,422
(*h*)	13,863 lbs	value Rs 7,642

16 As Printer's Inks are so varied and numerous, it is not possible to reply to this question More than 3,000 different formulas have been made since the factory was started

17 All classes of materials specified in (*a*), (*b*), (*c*), (*d*), (*e*) are subject to 15 per cent on the c i f price under Schedule II, Import Tariff Serial No 81, No in Statutory Schedule 92, with the exceptions under the same section of—

Zinc White 15 per cent on Rs 45 per cwt
c i f price is 49*s*
White Lead 15 per cent on Rs 35 per cwt
c i f price is 53*s*
Aniline Dyes 15 per cent on Rs 2-8 per lb

(*g*) and (*h*) Rosin and Gums come under Serial No 30, No in Statutory Schedule 74, Rosin being 15 per cent on Rs 16 per cwt , our last purchase being at 14*s* 1½*d* c i f Calcutta, duty on the actual invoice amounted to 22½ per cent

18 England, America, Germany

19 W give details of three separate invoices of recent d te as this ppears to be the clearest method of stating the case—

Resin.

Invoice, dated 16th January 1924.

50 684 lbs 14 1½d per cwt. nett c.i.f Calcutta		£376-7-1
	Rs.	
Landing charges	87 12 0	
Transport charges to factory	206 8 0	
Customs duty	1,270 7 0	

Carbon Black

Invoice dated 13th March 1924.

9,375 lbs.		£234-7-6
Freight, insurance, etc		£78-5-11
	Rs. A.	
Landing charges	37 12 3	
Transport charges to factory	74 0 0	
Customs duty	651 12 0	

Bronz Bl e.

Invoice, dated 10th January 1923

1,150 lbs. 2s 2½d. per lb. f.o b.		£123-13-4
Freight, insurance, etc.		£7-16-18
	Rs. A.	
Landing charges	2 0 6	
Transport charges to factory	7 10 0	
Customs duty	286 13 0	

1921 Duty paid Rs. 5,213 on Rs.	33 457	15 5%
1922. Duty paid Rs. 14,827 on Rs	95,700	15 5%
1923. Duty paid Rs 16,649 on Rs	1,00,292	16 6%

21. Indian Resin has so far proved quite unsuitable for the manufacture of Printer' Inks though several Special lots have been made for us at the Factory at Jalle Indian Resin is obviously different in its chemical properties from America as inks made with it instead of remaining semi-liquid, become crystalline. It may be possible to remove the defect but we know of no means by which it can be done though we have tried several.

III. Labour.

22. N

23 None.

24 W have always employed Indian Labour supervised by Bengali Babus. The latter by continual contact cannot f il to acquire knowledge of the business.

25.

26 This question is answered by No. 27

1914-15

27 Wages (about twenty coolies) Rs 2,272-14-9 average Rs 10 per month

Salary of one Factory Babu Rs 2,100 average Rs 175 per month

Rs 4,372-14-0

1923

Wages (about thirty-five coolies) Rs 9,901 average Rs 23-8 per month

Salary of five Factory Babus Rs 8,394 6-0 average Rs 140 per month

Rs 18,295-6-0

Annual increases have been given

28 Yes to both questions

29 Yes, the cooly improves with training, but does not compare well with workmen in England

Fortunately the machines he has to deal with are nearly fool proof

30 None

IV MARKET

31 Quantities would entirely depend on qualities Our average nett selling prices were—

1920	As 12 9 per lb
1921	As 16 ,, ,,
1922	As 13 57 ,, ,,
1923	As 13 15 ,, ,,

32 We believe that there are small Indian factories in Lahore, Cawnpore Poona and Calcutta, but have no idea what is their output Our output for the year ending December 31st, 1923, was 346,717 lbs value Rs 2,96,741

33 In 1913 it was not possible to obtain figures of imported Printing Inks but we have no doubt that the consumption of inks has greatly increased This particularly applies to coloured inks as colour printing has developed rapidly during the last five years

34 Calcutta, Rangoon, Madras, Bombay, and Lahore are the chief centres Though rail freights are high we are not handicapped against imported inks in this respect Consignments for Madras and Bombay are shipped to avoid these heavy charges

35 We believe we have supplied almost the entire requirements of all Government Presses throughout India since 1915 The following are the extent of Government purchases but owing to the variety of inks bought it is not possible to give details Inks both now and during the war period were supplied at competitive prices

	Rs
1914 to 1918	1,18 779
1919	49,233
1920	43,914
1921	57,767
1922	40,613
1923	47,233

36. Germany England America.

37

1913-14	As. 3 p. 6 per lb. up to Rs. 10 per lb.
1917-18	As. 7 per lb. up to Rs. 20 per lb.
1921-22	As. 8 per lb. up to Rs. 15 per lb.
1922-23	As. 7 per lb. up to Rs. 15 per lb.
1923-24	As. 5 p. 6 per lb. up to Rs. 15 per lb.

We have taken the lowest prices for the various years. The highest prices given are nominal. Our prices during the periods were similar.

38. We are kept in touch with home markets by our London Office and with local conditions by our selling Agents.

39. No.

40. Madras and Bombay.

41. No, except in the case of certain German quotations which are lower than English prices.

42. The answer to each of the questions (a), (b), (c), (d), (e), (f), (g) and (i) is No.

The answer to (h) is Yes.

43. The disadvantage we suffer will be permanent until either the duty on imported inks is raised to 15 per cent. or the duty on raw materials is removed.

VI. Equipment.

44. Yes, in answer to the first question. It is difficult to reply to the second.

45. No, the machinery is simple and inexpensive.

46. 29.5 per cent.

47. Yes, all our machinery is of the most modern type.

48. Yes, new machines have been installed but these are similar to machines we used prior to 1917. The type of grinding mills used by Printing Ink Makers has varied only in detail and is in principle the same as was used 30 years ago.

49. The machines have not as far as we are aware been made in India.

VII. Capital Account.

50. (a) Leased.

(b) Leased.

(c) Plant Rs. 67,310.

(d) Miscellaneous Assets Rs. 59,000.

51. Value at December 1923. Depreciation written off from February 1st, 1920, to December 31st, 1923, on Plant was Rs. 21,976.

52. We depreciate at 7½ per cent. on the cost which is in accordance with Home practice.

53. The cost of operating a new Factory should be no more than our own, but we regret we are unable to state what would be the cost of equipping a new Factory.

54. (a) £30,000.

(b) £20,000 ordinary shares £1 fully paid.

There are no Preference or Deferred Shares.

55.

56.

57 (*a*) £20,000
(*b*) 1920 *Nil*
1921 *Nil*
1922 7½ per cent free of Income-tax
1923 7½ per cent free of Income-tax

58 3¾ per cent free of Income-tax

59 None

60 £1,253

61 We have filled in the forms to the best of our ability, and have given figures for the year 1915-16 in column 1 as the first year of work 1914-15 was not typical We regret that we have destroyed our records and cannot give details of this year, so have taken the figures from the Profit and Loss Account only In every case we have omitted Income-tax which we always include in our Profit and Loss Account It will be noticed that there is a big shrinkage in Gross Profit between the years 1922-23 and 1923-24 owing to reduced prices and keener competition in the latter year This is intensified in the current year

FORM I

Statement showing the total expenditure incurred on the production of printer's ink during certain years

	1915 16	1921 22	1922 23	1923 24
	Rs	R•	Rs	Ps
(1) Indian raw materials		39 070	40 360	44,279
(2) Imported raw materials without duty	25 074	54,062	62 200	62,500
(3) Customs duty on imported materials		5 078	8 954	9,607
(4) Labour	5 150	12 039	17,247	18,295
(5) Power and fuel	3 310	5 691	6 943	8 093
(6) Other expenditure	22 408	87 790	1 22 170	1 21 398
TOTAL	53 942	2 04 613	2 77 874	2 64 152
Total production of printer's ink for the year	51,178	2 46 667	3 10 111	2 9[illegible],741

FORM II

Statement showing th works cost per ton of printer' ink.

	1915-16.	1921-22.	1922-23.	1923-24.
	Rs.	Rs.	Rs.	Rs.
(1) Indian raw materials	538	344	230	[illegible]
(2) Imported raw materials without duty		483	400	403
(3) Customs duty on imported materials		44	57	62
(4) Labour	110	103	110	118
(5) Power and fuel	71	80	44	83
(6) Other xpenditure	481	722	758	784
T tal Credit for materials recovered (if any).				
NETT TOTAL	1,200	1,748	[illegible]	1,708

62. N ; but had output been increased overhead charges as we reckon them, such as office salaries, rent, selling charges, etc., would have been utomatically reduced These tems have as requested been included in Works costs

63. N

64 W regret that though we have our method of costing we have no *costing sheets we can now send. W are ready however to show the Board* in Simla our Ink Making Account but do not wish to have this published.

65. W regret that we are unable to do this as we have not the information here.

66 to 69 Income-tax uthorities allow 7½ per cent. on electric motors and 5 per cent. on other machinery on the depreciated value

W *depreciate in our accounts t 7½ per cent. on the original value of* ll machinery As the mount of depreciation is not large it does not affect the point at issue. W actually included Rs. 6,634 in our accounts for the year ending December 31st, 1933, but were allowed only Rs. 5,106 by the Income-tax uthorities.

WORKING CAPITAL.

70 to 73. W have all the working capital required for the present and considerably increased output

Should more be required this ould be provided by the Associated Companies

74 Stocks of finished inks are always small. W prefer to manufacture as orders are received as inks do not improve with age.

The stocks at December 31st, 1923, were Rs 3,140

Average payment is about three months

75 Stocks of material at December 31st, 1923, were Rs 66,800

76 A London Office but no Managing Agents

77 About £450

78

79 (i) 24*d* per lb

80 to 83 The capital required by a Printer's Ink Factory is small and we consider that the return on this should be at least 15 per cent

We have adequate capital and should more be required for extensions it would be forthcoming from the associated Companies if they were getting an adequate return on their present investment

XI Claim to Assistance

84 Yes

85A With the spread of education it is obvious that printed matter will be more and more required when one considers the population of India More printed matter would naturally require more Printer's inks as the tendency is for more printing to be done in India and less printed matter to be imported Labour and power are easily obtainable, but it would be necessary to continue to import materials In England the bulk of materials are imported

B Given equality, i e, import of material at the same rate of duty as the manufactured ink or 15 per cent on to imported inks, there is no reason why the industry should not develop

C Unless imported inks were "dumped" at cost prices there is no reason why the industry should not be able to face any normal and healthy competition

86A In such an industry increased production cannot fail to help economy of production inasmuch as it reduces overhead charges

B There is no reason why the whole requirements of India should not be manufactured in India

87 From the Printer's point of view it is obviously to his advantage to be able to obtain a special ink suitable to his particular requirements

This he would frequently be unable to get from an importer and were it to be obtained from Europe several months would elapse before delivery could be given A factory in India gets over this disadvantage We know of no other country in the world which has not at least one Printing Ink Factory

88 We regret that we cannot give you the particulars you desire in this paragraph until we have communicated with our Chairman in London

The Chairman who visited India in the cold weather of 1910-11 decided on the information then acquired to start this Factory as a branch of The Richardson Printing Ink Co Ld, Gateshead and London

89 We desire that the duties on the materials mentioned when required for Printing Ink making should be removed or that 15 per cent duty be placed on imported inks This is not asking for protection but only equality

From our Company's point of view as all materials named are used only for the manufacture of Printer's Ink we would give any required guarantee that this was the case and our books could at all times be open to the fullest inspection by the Customs officials

90 As there is an average loss of 5 per cent between materials used and the resulting ink we do not think that this proposal would be fair

Statement V.—Statement from the Hooghly Ink Company showing quantities of ink supplied by them to the Times of India.

NEW INK.

2,240 lbs.	August 26th 1920.
2,240	August 31st, 1920.
2,240	September 11th, 1920.
2,400	June 27th 1921.
2,400	November 8th 1921.
2 400	December 13th, 1921
2 400	January 17th, 1922.
2,240	March 20th, 1922.
2 400	May 31st, 1922.
2 400	July 24th, 1922.
2 400	September 19th 1922
2,400	November 20th, 1922.
2,400	February 2nd, 1923.

ILLUSTRATION INK.

800 lbs	May 3rd, 1922.
1,200	June 26th, 1922.
1,100	August 29th, 1922
1,200	October 4th, 1922.
1,100	February 6th, 1923.
1,120	March 15th 1923.

Statement VI.—Supplementary information submitted by the Hooghly Ink Company Limited dated the 7th July 1924.

As promised I send herewith six copies of an elaboration of the figures for 3 other expenditure in our answers to Question 61 of the questionnaire and trust that this will give the Board the required information.

—	1915-16.	1921-22.	1922-23.	1923-24.
1. Tins, Packages, and Works Sundries.	included in materials	12,000	22,027	19,843
2. Carriage out	1,254	6,209	11,388	9 415
3. Rent and Taxes	2,800	4 417	4,783	4,814
4. Office salaries and Wages	9 413	20,426	30,728	35,367
5. Commission to Selling Agents, and Discounts.	2,451	20,104	40,161	42,479
6. Other Expenses	8,744	12,144	12,843	8,648
	23,662	93,999		
Less	1,254	6,209		
	22,408	87 790	122,170	121,266

The figure Rs. 22 408 did not include Carriage out, Rs. 1,254.
The figure Rs. 87,790 did not include Carriage out Rs. 6,209

THE HOOGHLY INK COMPANY, LIMITED, CALCUTTA

B —Oral

Evidence of Mr E RICHARDSON, Managing Director, Recorded at Simla on the 1st July 1924

President —Mr Richardson, you represent the Hooghly Ink Company, I understand

Mr Richardson —Yes

President —Are you the manager?

Mr Richardson —I am the Managing Director

President —In answer to Question 4 you say " the factory was started by the Richardson Printing Ink Company, Limited, one of the companies associated in the Hooghly Ink Company in January 1914 " Are there several companies combined in the concern as it stands at present?

Mr Richardson —There are three Messrs A B Fleming & Co of Edinburgh, Messrs B Winstone & Sons of London, and the Richardson Printing Ink Company, which is my own Home company I am a Director of that too

Mr Ginwala —And the others, have they got their works here?

Mr Richardson —My firm, the Richardson Printing Ink Company, started this factory in 1914 Messrs A B Fleming & Co were also considering the starting of a factory here, but instead of starting a separate factory they came to an arrangement with us The present position is that the Richardson Ink Company owns half the shares, and the other two firms one-fourth each

Mr Ginwala —Are the inks sold in their name or in your name?

Mr Richardson —All the inks are sold in the name of the Hooghly Ink Company, but there are occasions when we get a firm out here which has a prejudice against Indian-made inks, and says " we want Fleming's inks " I have the option to send the order Home and in such a case the inks come in the name of the actual maker

Mr Ginwala —Any ink you make is sold in the name of the Hooghly Ink Company?

Mr Richardson —We may be asked for a particular ink made by one of the three companies and we give the same name We produce exactly the same ink, but that will be sold under our name

President —In answer to Question 5 you tell us that it is rather difficult to say what the full capacity of the plant is, and you give an approximate figure of 480,000 lbs Would it be possible to say what the capacity of one machine is and how many machines you have?

Mr Richardson —In this question what I thought was that printer's ink was alluded to as being more or less one particular item We make thousands of different kinds A machine that will make, say, 400 lbs of one particular ink in a day, will only make say 50 lbs of another sort It depends entirely on the particular kind of ink manufactured I say that, if we push the plant by working overtime, we could probably turn out 480,000 lbs but I do not think we would try to do it For one thing we prefer out here to execute against orders We manufacture as little for stock as possible

President —I see your difficulty How many machines have you at present?

Mr Richardson —13 machines

President.—Your outturn in the last two years 1922-23 is pretty near hat you consider reasonable output of the plant, but would it be increased without pushing the plant too hard?

M Richardson.—I consider this almost as much as we would expect from the plant. W could push it by overtime and by speeding up of machines.

Presid t.—You consider your present production fair output for the plant you have?

M Richardson.—Yes.

President.—If you got that output from similar plant in England would you be satisfied?

M Richardson.—Quite These machines are inexpensive nd we have always added to the machines hen we wanted more.

Presid t.—In answer to Question 10 you say that you get your mineral oils from the Burma Oil Company Is that ordinary kerosene?

M Richardson.—No. They are heavier lubricating oils; I think that is the proper name. W do not use kerosene oil t all.

M Gi wala.—Is this oil used in the process of manufacture?

M Richardson.—Yes in the cheaper black inks. At Home they use American oil, but the Burma Oil Company produce similar if not absolutely similar quality which is quite near enough.

M Ginwala.—What are these oils like?

M Richardson.—It is cheap heavy lubricating oil such as is used for motor ca The great thing is that it has to have high viscosity W have to stiffen them up by the addition of rosin.

Presid t.—It would ppear from the figures you have given us in answer to Question 11 that the bulk of your output is the cheaper kind of inks of which mineral oil is the base and that you produce less of the more expensive kinds of which linseed oil is the base.

M Richardson.—That is thing which is changing. The use of coloured inks in India is growing very appreciably There is tremendous difference since I came out in 1913.

President.—For what sort of publications is the coloured ink used?

M Richardson.—For publications similar to the English papers.

President.—In India?

M Richardson.—I India they are beginning to produce magazines on larger scale in which they employ coloured illustrations.

President.—Are you speaking of vernacular publications?

M Richardson.—Yes. They are produced in several Indian presses in Calcutta, and the colour printing is called three-colour work. I have seen some which is equal to the Home production.

President.—For inks of that kind you require linseed oil as base?

M Richardson.—Yes. There is also large use of coloured inks in posters When I came to Calcutta I never saw posters in the streets, but now you find them all over the walls.

President.—In answer to Question 13 you consider apparently that the present tariff valuation of linseed oil is too high.

M Richardson.—Yes.

Presid t.—Has there been in the last few months marked drop in the price of linseed oil? You have told us that the tariff valuation of linseed oil is Rs. 4-8 per gallon whereas you can purchase it at Rs. 2-12 gallon. Has here been any marked drop in the price?

M Richardson.—I do not think so. I have just heard that the price in Calcutta is going up again. It is very fluctuating market.

President.—Is there much importation of linseed oil into India or is it the domestic produce that is chiefly used?

Mr Richardson —I saw the Managing Agent of the Gourepore Company He tells me that though the price of the home oil has risen recently, it is imported

President —Do you regard this difference between the tariff valuation and the market price as temporary?

Mr Richardson —Ever since I have been in India prices in Calcutta have always been higher than prices in London, and if there was no tariff it would pay us to bring out the oil

President —The point is that on the figures you have given it looks as if the valuation is not correct at present

Mr Richardson —It is certainly too high

President —And that strictly speaking it ought to be reduced But for how long has this state of affairs existed?

Mr Richardson —I cannot tell you how long

President —That is why I asked you whether there had been a recent drop in the price The last valuation was made in December

Mr Richardson —I bought linseed oil in September at Rs 2-12 a gallon

President —Presumably no action can be taken till the time for the valuation for next year comes round

Mr Richardson —Of course, I don't want to import linseed oil, I should much prefer to buy it in the country

President —Would there be much to choose in the price between the imported oil and the Indian oil, even if the rate of duty were considerably reduced?

Mr Richardson —The price would probably come out £4 a ton cheaper if there was no duty at all

President —That is another matter What I was thinking was that the present duty, as far as I have worked it out, comes to nearly £11 a ton If the valuation were corrected, it might work out to £7 a ton Then, on the price given, it would not really pay you to import

Mr Richardson —No But it is just one of these things that puts us in a difficult position as against the Home manufacturer

President —I quite understand that In the case of mineral oil apparently the price in India is higher than the price in England?

Mr Richardson —Yes, it has always been

President —I take it that the oil companies fix the price on the principle of getting as much as they can?

Mr Richardson —They base the price on the imported price

President —Of course, there is a certain incongruity in the fact that prices in places near the source of supply should be much higher than in a place 6,000 miles away

I notice in answer to Question 11 you say you use Vegetable Black of your own manufacture, but you have also imported a certain amount of Vegetable Black Is that some special quality which it was not worth your while to make in India, or was it a kind that could not be made in India?

Mr Richardson —We cannot make the very best quality and we also bring out a certain quantity as an insurance in case anything goes wrong with the Black manufacturing plant At the moment I have got a couple of tons of Home Black as an insurance against the risk of anything going wrong with our plant

President —Turning now to Question 15 are the pigment and dyes that you use required only for coloured inks or also for black inks?

Mr Richardson —We do use a certain amount in the black ink for what we call toning them No black is absolutely true black and they all have a rather brown tint, and to counteract this we put in blue As a matter of

fact we use considerable quantity of pigments in black inks. The amount put in depends entirely on the price.

President.—I your answer to Question 17 I notice that the tariff valuation on white lead seems to be rathe different from the current price. B t in this case pparently it is valued too low so that there is certain compensation for the higher rate on the other things.

M Richardson.—These two ratings re probably on the pre-war value when the price of zinc was much higher than lead. I that paragraph there are certain other things, rosin. That is thing which we use very much in the cheaper inks It is only used in the black inks, but it is thing which affects the cost very much indeed.

President.—I see I was orking out the rates you have given us in the invoices in answer to Question 19 I see that the landing and transport charges vary considerably between the different things. In the case of rosin the landing charges are Rs. 3 ton, and the transport charges to the factory about Rs. 7-8 ton, whereas in the case of the carbon blacks the corresponding charges re Rs 9 and Rs. 18, and in the case of bronze blue Rs. 4 nd Rs. 15 respectively I can understand that the sea freight would be higher on the more expensive goods, but hy should the landing and transport charges vary? I there y particular reason?

M Richardson.—Carbon black is an extraordinarily bulky substance. It is not here question of weight, it is the umber of cases that count. You will notice that the price of 9,375 lbs of carbon black is £334-7-6 while the freight is £78-6-11 You will see how very high the freight is in proportion to the value The freight is lways very heavy on carbon black owing to the bulk.

M G nesia.—They ch rge by measurement I suppose?

M Richardson.—Yes, entirely

President.—I notice from your nswer to Question 20 that, though some of these alculations may be wrong, the percentage you pay on the verage is not so very wide of 15 per cent

M Richardson.—No, it is not.

President.—Where is J llo, which is mentioned in nswer to Question 21

M Richardson.—It is near Lahore

President.—Is rosin made in more than one place in India

M Richardson.—Yes. It is also used in place called Bhawali near Naini T l. W have also had rosin from there. There is no question to my mind that t is diff rent rosin from the imported stuff though it produces turpentine It is quite different from the American rosin when used in the same wa Indian turpentine is quite satisfactory but the rosin is no goo for ou purpose. There is, of course, one way in which Indian rosin migh be improved in quality that is by adding an ingredient called oleine, but it would bring the price to the level of the American rosin.

President.—In answer to Question 27 am I right understanding that the umber of coolies given there is the total number of men you employ

M Richardson.—That is the actual staff employed in manufacturing ink in the factory

President.—It means that to get your output you require comparatively small number of men?

M Richardson.—Yes, very small umber of men.

President.—If you had factory in England with pproximately the same output, would you be employing fewer men or about the same number?

M Richardson.—Fewer Two men can look after three machines very easily but here you need three men to tw that is, if you have got very good coolies These figures are average.

President.—I the British factory I take it the total wages bill would be higher than your ges bill in India?

Mr Richardson—Yes If you reckon the workmen only, but with the supervision and the factory Babus it brings up my average works charge to two annas a pound against 3½ annas a pound in England, so that in that respect we have some advantage

President—In Question 31 what we wanted to know was, if possible, the quantities of printers' ink imported into India What you have given us is the average price that you realised for your ink for those periods?

Mr Richardson—Yes

President—Do you think it would be reasonable to assume that the average price of the imported ink would be about the same as the price you were getting?

Mr Richardson—I think it would be a little higher, because at that time we were making nearly all the cheap newspaper printing inks

President—The figures that you have given are for the last four years?

Mr Richardson—At the end part of 1923 we were doing more in the better qualities of ink, but before that I think it was nearly all cheaper ink

President—The figures you have given must be for the better qualities of ink and the prices would probably be rather higher?

Mr Richardson—Yes

President—On the basis that the average price of imported ink was the same as your price, it would mean that 600,000 lbs would be the imports in each of the last two years?

Mr Richardson—Yes

President—But if a higher price is taken, the imports would come to 500,000 lbs We were trying to ascertain what proportion of the total consumption of India you are at present supplying Apparently it is something less than half, perhaps 2/5th or somewhere in that neighbourhood

Mr Richardson—Yes

President—Supposing you supply ink of precisely the same quality as the imported ink, are you able to get the same price?

Mr Richardson—We sometimes do, but we expect, because it is made in India, to get rather a lower price

President—What percentage would it amount to?

Mr Richardson—5 to 10 per cent

President—In answer to Question 34 you say "Calcutta, Rangoon, Madras, Bombay and Lahore are the chief centres Though rail freights are high we are not handicapped against imported inks in this respect" But surely you must be able to realise a higher price in Calcutta than you can in Bombay, or at least the amount that actually reaches you must be greater in the case of your sales in Calcutta than on your sales in Bombay?

Mr Richardson—We actually get a lower price in Calcutta We have to make a difference of about half an anna on the sea freight The sea freight works out to about half an anna a pound

Mr Ginwala—Can you always get freight?

Mr Richardson—There may be a delay of a week or ten days not more We have agents there and we arrange to send in bulk and if there is urgency we send by rail, but of course, the railway freight is heavy

President—Would you be able to give us any sort of idea of the proportion of your output you can dispose of in these ports Would it be half of what you dispose of in Calcutta

Mr Richardson—It would be about 50 per cent in Calcutta, including up-country

President—Would that include Lahore, for instance?

Mr Richardson—Yes The other 50 per cent would go to Bombay, Madras and Rangoon

President—What would be the freight from England on Printers' Ink?

M Richardson.—I think about 60 shillings a ton.

President—I want to compare that with what you have to pay to get to these markets.

M Richardson.—With the forwarding charges it would come to very nearly half an anna a ton.

President—That is to say for about half your market you have an advantage over the importer *of roughly about half an anna. In the case of Bombay* Madras and Rangoon, you have to pay the same amount that they have to pay

M Richardson—Yes

President—I notice from your answer to Question 83 that the percentage of your output that you sell to Government has been decreasing. In 1919 you sold about 36 per cent. In the *following year* about 32 per cent. The figure fell to 13 per cent. in 1922, and rose slightly to 16 per cent in 1923. *I take it that* means that you are getting a firmer hold upon the general market?

M Richardson.—Yes.

President—And this shows that your business is steadily improving?

M Richardson—Yes, until the last six months. Up to the end of June ourselves have dropped considerably

President—Is that due to cheap Home prices and particularly German prices?

M Richardson—When I sent this in I was not certain about the German prices. I was informed from Home that they could not possibly compete, but four days before I came up here, I got a German list from my selling agents which had been *just received*. *That shows prices which the Home makers* cannot look at and rather confirms the prices that I had heard of

President—How do they compare with the prices that you have been hitherto getting?

M Richardson.—Much lower

President—Before the war were there considerable imports from Germany?

M Richardson—I have not much experience of it, but in the Punjab certainly They used to send a good deal there.

President—This invasion of the market by Germany is a feature of the last few months?

M Richardson—Yes, particularly so in the last three months.

President—In answer to Question 37 you have given us the range of prices at which imported ink entered the country but we cannot make much use of it—8 annas to Rs. 10 per lb No inference can be drawn from these figures It would be useful if you could give us some practical illustrations *of these fall in prices.*

M Richardson.—(Shows a list of prices.) There is the case of coloured ink The cheapest English coloured red ink is 1s 9d. a pound. The cheapest one that Germany can supply is 1s. a pound. It is very difficult to compare the two things, but the *German* products are *generally* good.

M Ginwala—How are we going to find out that you are at a disadvantage as compared to your foreign competitors?

M Richardson—I have got to buy my colours largely *from* Germany

M Ginwala.—That is a different matter altogether with which we shall deal later on. Supposing you were asking for protection instead of the removal of this duty We should first have to satisfy ourselves that the *foreign manufacturer was underselling you, and if we were satisfied we might* recommend protection, that is to say a scheme under which you get the difference between the price at which the foreign article is sold and the price at which you can sell at a reasonable profit. But here we have no data as to how you are being undersold?

President —If we had the quantities as well as the prices quoted in the trade returns, it would be something, although it would not be very much We have not got even that, nothing, indeed, except a catalogue like the one which you have shown to us with your own prices entered alongside for comparison

Mr Ginwala —Don't you have to tender for the ink you supply to Government?

Mr Richardson —Yes

Mr Ginwala —Did you at any time lose because you were underquoted by a foreign manufacturer?

Mr Richardson —The only time I have ever tendered is this year and I have got the contract I know there was a competing firm, but I do not know if they knew what particular inks they ought to put in I was in a fortunate position of knowing what they wanted I know my prices would compare favourably with foreign prices, but I cannot say that the German manufacturers could not undercut me if they wanted to But to know what a man wants is the chief thing

Mr Ginwala —The position is this Even assuming that you have to pay on your raw materials a higher rate than on the finished imported article, if it is found that you can reasonably compete against the foreign manufacturer and afford to pay duty to the Government, your case is rather weakened, is it not?

Mr Richardson —If we were making a good profit, I don't suppose we should apply for anything If one could sell more of better inks the profit is higher and one can stand the duty, but the chief market is for very cheap inks Two years ago I had all the news ink trade in Colombo but I cannot get any now That is cut out entirely by the price

Mr Ginwala —Supposing you got all these raw materials duty-free, and even then the German manufacturer continued to send out things, would you be able to compete?

Mr Richardson —I would not be able to compete in the cheapest things

President —There is this difficulty in dealing with the point that the German competition is a recent development it is not mentioned in your representation What is roughly your production for the last six months?

Mr Richardson —I think about a lakh and a half

President —That would be about 50,000 lbs less for a full year?

Mr Richardson —Yes

President —That is something It is not as yet a fatal decrease

Mr Richardson —I have not got the figures out yet for the last six months, but there will be very little profit on that outturn

President —Have you formed any opinion as to the causes of this German competition and how long it is likely to last?

Mr Richardson —I don't understand the German exchange and how they work out prices But I don t suppose that they are doing it at a loss

President —I don t understand that either It is for you to advise us in the first instance

Mr Richardson —I would not like to express any opinion on it

President —You are not yet in a position to say that it is likely to be permanent or only temporary?

Mr Richardson —I am not in a position to say anything definite about it

President —On that basis it is very difficult for the Board to deal with this particular matter

Mr Richardson —That is a difficult matter I do not for a minute expect that Germans are losing money on these prices I don t think that that is their method They might be doing so just to get the market

President.—That is just it. They might be underselling you by more than is absolutely necessary in order to get quickly on to the market.

Mr. Richardson.—One thing I can tell you, and that is I wrote back Home three months ago mentioning that I had heard of these various prices, and that I was unable to confirm them. I said that I had been told by my selling agent that such and such was the price and my Head Office wrote and got into touch with the German Ink Manufacturing firms. He said that these prices were absolutely ridiculous, that ink could not be manufactured at those prices, and perhaps that they were the realised prices of goods, rejected and sold at any price. But then I got this list which upsets the arguments altogether.

President.—It is almost impossible to understand the conditions in Germany at present.

Mr. Richardson.—The biggest German manufacturing firms say that at these prices ink could not be manufactured and that they are feeling British competition in Germany. I may tell you that one of the reasons why I ask that raw materials should come in free rather than the alternative that the duty on ink should be raised to 15 per cent., is to allow me to trade outside India. If I had only 15 per cent. duty on the imported ink, I would be in a better position as far as India is concerned than I would be in getting raw materials at 2½ per cent. but I would be in a worse position outside India.

Mr. Ginwala.—Of course we have not adopted the system on a large scale here of giving a rebate on exports. Take America, for instance. If you are exporting a manufactured article in which you use imported materials on which duty has to be paid, either you have to manufacture it in a bonded house or they give a rebate. That question does not arise.

President.—What you ask for can be done by way of rebate, but it would not be a rebate on export. It would be a rebate on everything you produce.

Mr. Ginwala.—I am only dealing with exports.

Mr. Richardson.—Quite.

President.—In answer to Question 44 you say that the second part of the question is difficult to answer. Taking the works of the three firms in the United Kingdom and the Hooghly Ink Company what would be the approximate outturn of each? I want to get an idea of the sort of output of a British factory.

Mr. Richardson.—I think that my own firm has a turnover of £30,000 a year.

President.—Your outturn is £30,000, and the outturn of one of the three British firms is £60,000.

Mr. Richardson.—Yes. The outturn of the other two firms would be considerably higher.

President.—Your factory at Calcutta would be regarded at Home as a very small one.

Mr. Richardson.—Very.

President.—It would not be possible, I suppose, to go much lower than that?

Mr. Richardson.—I agree.

President.—Question 48 was "What percentage of your total capital outlay has been incurred on plant and machinery?" and you say 29·8 per cent. That would mean a total capital outlay of about Rs. 3,70,000. In your answer to Question 50 you say that Rs. 67,310 is the cost of your plant as it stands at now in your book but your total of plant and miscellaneous assets comes to about Rs. 1,88,000.

Mr. Richardson.—Yes.

President.—So that I don't understand how you have got this 29·8 per cent.

Mr Richardson—I took what we actually spent from the time of formation

President—What we are getting at is, what figure have you taken in giving your answer to Question 46?

Mr Richardson—I took the value of the plant as given in answer to Question 50 that is Rs 67 310, and to that I added the amount of depreciation written off from February 1st, 1920, to December 31st, 1923 viz, Rs 21,976 as given in answer to Question 51 That comes to over Rs 90 000 on plant

President—That would mean that your capital outlay was about three lakhs altogether?

Mr Richardson—Yes

President—What is included in that four lakhs?

Mr Richardson—£20,000 capital

President—That would be about three lakhs

Mr Richardson—Yes

President—What I wanted to get at was this you have got Rs 90 000 under the head plant and machinery which is 29 5 per cent of your total capital The only other thing is about another Rs 90,000 under the head miscellaneous assets

Mr Richardson—The rest is cash

President—The rest is your working capital?

Mr Richardson—Yes

President—Practically the whole of your capital is £20 000, which is roughly about Rs 3 lakhs Apart from what you set aside for reserve, or any money allowed for depreciation and not yet actually spent on renewals, you have got no other source of capital?

Mr Richardson—No

President—In the last two years you have actually succeeded in paying a dividend of 7½ per cent ?

Mr Richardson—Yes It may interest you to see the actual profits made for various years since we started (handed in a statement to the President)

Mr Ginwala—In your answer to Question 58, you have given an average of 3½ per cent dividend

Mr Richardson—Yes

Mr Ginwala—You paid dividends for seven years out of ten years, and for three years you did not pay

Mr Richardson—No Before 1920, the profit was simply transferred to the Richardson Printing Ink Company at Home They paid a dividend, but I cannot say what it was The Indian business was not kept separate at all

Mr Ginwala—You have not made much profit at all in the manufacture of inks?

Mr Richardson—That is my point The profit is very small indeed

President—As regards your reply to Question 61, "other expenditure" is much the biggest item Would it be possible for you to give us the important items that go to make up the item, such as office and factory rent, salaries etc so as to give us a little idea about it?

Mr Richardson—I have got my balance sheets here, but it would take a little time to give you that

Mr Ginwala—In your balance sheet, you have given all your works cost?

Mr Richardson—Yes

Mr Ginwala—Can you extract it for us?

Mr Richardson—In the profit and loss account we have got an ink making account That only includes actual works wages not salaries of Babus who are permanent men

President.—It is quite evident that our particular classification which we adopted, and which we are using in all our enquiries is not particularly well adapted to your industry and the result is that the "other expenditure" swells up to half the total. If you can let us have the principal items making up the bulk of it, it would be useful.

Mr. Richardson.—I can give you copies of the profit and loss account as we issue it. My profit and loss account shows that we have given commission of Rs. 30,000.

President.—Is that commission paid to your selling agents?

Mr. Richardson.—Yes.

President.—That is the biggest item there?

Mr. Richardson.—Yes.

President.—It would come to 15 per cent. of your total expenditure?

Mr. Richardson.—Yes.

President.—I find that the "other expenditure" which was Rs. 1,20,000 in 1923-24 came to 46 per cent. of your total expenditure.

Mr. Richardson.—Yes. That is big item out here because selling in India is done in two ways. Roughly one-third of my trade is with Government Departments and private presses and it is done direct. The rest has to be done through selling agents to whom I give 17½ per cent. discount. They subdivide it with bazaar people. I don't know where it goes to but it is necessary. I can give you a résumé and send it up.

Mr. Ginwala.—Does this "other expenditure" include depreciation?

Mr. Richardson.—No. I cut out from these figures depreciation and income-tax which we show. I thought that you would not want these things to be included.

President.—It appears that your selling charges, the salaries and wages which are included in the "other expenditure" and possibly also rent and taxes would be the most important items. Are your London office expenses included in that?

Mr. Richardson.—We cut these out. They are very small.

President.—As regards the working capital, I think that comes out of your total capital £20,000.

Mr. Richardson.—Yes.

President.—Taking the value of your output for the year at Rs. 3,00,000, the value of three months' output comes to Rs. 75,000, and similarly your stocks of materials would be about another Rs. 75,000. The total about Rs. 1½ lakhs.

Mr. Richardson.—Yes.

President.—That would be the working capital you are using?

Mr. Richardson.—Yes.

President.—In your answer to Question 79 you say that the cost of Head Office expenses is 2*s.* 4*d.* per lb.

Mr. Richardson.—I have put it wrongly. It is ·24*d.* per lb.

President.—In answer to Question 84, you say that you are satisfied that, if the existing Customs duty on imported materials were removed, the manufacture of printer's ink in India could be carried on successfully in competition with the imported ink. I take it that, if the German invasion continues, that answer might require revision later on.

Mr. Richardson.—Yes.

President.—So it is subject to qualification to that extent?

Mr. Richardson.—Yes. With regard to the possibilities of an extension of the market, there is one extension I know of and that is the question of

Statement V

stamp printing They have estimated the average value of the quantity of ink which would be required at Rs 1½ lakhs

President —Would you be able to make the kind of ink that would be required?

Mr Richardson —Yes There are not many people who can make it There are only about two or three firms who can at Home

President —Would it pay you on general principles to undertake the manufacture of a special kind of ink of that sort?

Mr Richardson —It would The quantity involved being large, it would be well worth doing, and the profit on these inks is considerably higher than the cheaper grades of inks

President —There might be a certain amount of competition

Mr Richardson —There would be very little There are only three or four firms who know how to prepare these inks I think that I can say that the profit on them will be a reasonable one

President —Taking clause (A) in Question 85, the only natural advantage that you seem to possess is that, on the whole, your labour is cheap But you have to import essential raw materials The raw materials produced in India cost more than they do elsewhere In this respect you have not got any natural advantage In respect of the market I should say that it is an advantage in this sense that there is a sufficient market to absorb a considerable quantity of ink, and that it is likely to increase As regards the natural advantages, the case is not very strong

Mr Richardson —No, I quite agree there There is nothing in making out here that is an advantage There is a certain advantage of having a factory on the spot, because one frequently gets people who want a particular thing which they could not get from any agents out here I had cases like that during the war when the Government suddenly wanted to print War Bonds There is no agent who would hold such inks in stock because it would not pay him There were special colours wanted for that, and we were able to supply them

President —That raises rather a different point, viz , and that on national grounds it is necessary to have the manufacture of ink carried on in India But it is hardly a natural advantage

Mr Richardson —It is not

President —Your position in this representation is that you think that, if you are not subject to this particular handicap of having to pay 15 per cent on raw materials you can carry on

Mr Richardson —Yes

President —On your present output the duty you pay comes to about Rs 10,000 a year?

Mr Richardson —Yes

President —The Customs duty on imported material is about 3½ per cent of your total works cost?

Mr Richardson —Yes

President —Taking the duty at Rs 10,000 i e about 3½ per cent of your total cost if you were freed from that expenditure it would have been possible to pay another 3 per cent That is apparently the difference it makes

Mr Richardson —That is the actual difference it would make It would mean also that we would be able to cut prices The cost of colour is a big thing in ink

President —It may work that way It would probably extend your market?

Mr Richardson —Yes In these cheap inks colour is a big thing It forms 75 per cent of the ink

President.—I the coloured ink?

Mr Richardson.—In the cheap coloured inks, we take 2 parts of colour and one part of linseed oil. The cost of colour is everything and that will bring the price down.

President.—Turning to your answer to Question 86, you say "We cannot give you the particulars you desire in this paragraph until we have communicated with our Chairman in London." When you have received the answer from your Chairman, you will be able I suppose, to give an answer to that?

Mr Richardson.—I should like first of all to withdraw the statement made in the letter of July 12th, 1923, which was sent in when I was at home last year "because of the expressed desire of the Government of India to buy printing inks manufactured in India." I think that this was an excess of zeal on the part of my assistant. I was given clearly to understand by the Chairman of my firm, who is my father that Government were at the time when he came out, very keen on manufacturing ink in India and it was owing to my father seeing Mr Cogswell, who was then Controller of Printing, Stationery and Stamps, that we decided to start. He was extremely keen on having a factory. But as to what correspondence my father had with him in the matter I could not tell you.

President.—If it is merely based upon a conversation that took place 10 or 12 years ago, it always leads to some uncertainty. It is always possible for misunderstandings to arise in a case of that kind. The would-be manufacturer puts his case strongly and the other gentleman says "Oh yes," and the manufacturer goes away under the impression that he has got whole-hearted support behind him, whereas it may not mean that. That was the reason why we wanted to see the correspondence if there had been any.

Mr Richardson.—I cannot say definitely until I hear but I should think that the probability is that it was more in the way of conversation.

Mr Ginwala.—Then you say that your company was established in 1913 because of the expressed desire of the Government of India, to buy printing inks manufactured in India. That stands good even now. The Government of India are buying their requirements from you. There is nothing inaccurate in that.

Mr Richardson.—No.

President.—The general policy of the Government of India about the encouragement of industries was not so emphatic at that time as it is now.

Mr Ginwala.—That is a different point.

President.—What the Board wanted to know was whether the Company had anything in the nature of a definite pledge from the Government of India.

Mr Ginwala.—Pledge to remove the duty.

Mr Richardson.—I think probably on that account too it may have been conversation only.

President.—Were you assured that the raw materials would be allowed in free? Was that the nature of the pledge?

Mr Richardson.—Yes.

President.—If that was part of the inducement which led you to establish your factory it is so important that one would naturally expect it to be in writing.

Mr Richardson.—As soon as I started the factory and came out here I was under the impression that the matter would be put right very soon. At the time of my coming out here the matter was put up to the India Office at Home but it was turned down. It came on to Simla I think, and it was turned down by the Finance Department.

President.—When was that so far as you know?

Mr Richardson.—It must have been at the end of 1913.

Mr Ginwala —Since then things have moved a bit faster

President —It is not a matter of great importance but it is desirable to know exactly what passed

Mr Richardson —I can definitely tell you that the application was put in 1913 from our London office to the India Office, and that was definitely turned down I have not got the correspondence with me, but there must have been some correspondence

President —Coming now to the last two questions, your primary request is that the duty on the imported raw materials should be removed so far as you are concerned So long as you do not have to pay you do not care whether other people pay or not

Mr Richardson —I want to protect my company

President —If any other firm were in the same position as yourself it would of course, have to get the same concession But dyes, for instance, are used for many other purposes besides printer's ink, and it would be difficult to sweep away the duty altogether, in order to benefit one industry Your definite request, I understand, is that you want to be exempted some way from paying this particular duty Failing that, and only as a secondary request, you say that the duty on imported ink should be raised to 15 per cent That is only put forward as a *pis aller*

Mr Richardson —Yes As I put that in the letter we are in the same position as the paper people They have got both they get their raw materials for nothing, and they have also got 15 per cent duty on the imported stuff It is the other way round with us

Mr Kale —But do you know they are claiming protection for pulp?

President —It is only one firm

Mr Richardson —Yes

Mr Kale —So that the position is likely to be changed

President —But the practical point is that, supposing the Board were satisfied that you had a good case and that assistance could be given, then comes the question what is the best way to do it There are two alternatives Either you could be exempted from the payment of duty on these raw materials, or you could pay in the first instance but receive a rebate later on. Your answer to question 90 rather suggests that you have not quite followed what was suggested You say as there is an average loss of 5 per cent between materials used and the resulting ink, we do not think that this proposal would be fair ' But it is quite possible to make allowance for that What we were contemplating was this Let us take a simpler case The same kind of question has come up in connection with the enamel-ware industry They require a certain amount of materials of various kinds for their glaze, and the quantities used do not vary much In such a case it would not be difficult to work out a rebate system with a practical check which ensures that the imports on which they are being exempted from duty are actually used for this particular purpose, and that they were not importing the raw materials and selling them again If there were only one kind of printer's ink it would be possible to take this course, but I see the difficulty created by the great variety of inks produced

Mr Richardson —I quite see that It is not only that we are using imported material, but we are also using materials produced in the country

President —If for 100 lbs of a particular ink you require 5 lbs of carbon black on that basis a rebate system could be worked out, but if you are going to make 200 to 300 kinds of ink in a single year and use different raw materials for each, I do not see how the rebate system could be worked out

Mr Richardson —We make a good many more than 200 or 300 kinds in a year

President —Do you think it would be possible at all in your case to work out such a system?

M Richardson.—For myself I have an absolute record of stuff used. That is open to inspection at any time. The objection to that is suppose that you *may say it is not used for ink making. I am ready to give any required* assurance that materials would only be used for ink making.

President.—Your firm has been working in close relation with Government for long time, and I do not think that any difficulty would arise with you. But we have to remember that once system of this kind is introduced and applied to your firm, another industry will come and say we want the same kind of thing and it might not be equally simple in their case. Therefore *we ha got to consider what practical safeguards are necessary*

M Richardson.—That is difficult. As far as our materials are concerned even though, as you say dyes re used very largely the particula dyes that we use are not used for other purposes. On the other hand, it would be very difficult for you to draw line and say which definite dyes are to be used. A new one may come out to-morrow which we may like to use. That would be rather tying us down to utilising particular thing Take the pigments use, such as the yellow and the blues They are very similar to those which paint makers use The only difference is that they are of much better quality

President.—Would it be possible to provid safeguard in this way that, for given output the rebate as not to exceed certain sum? It seems to me that, if we are going t adopt any system of this kind we must realise that they cannot be confined to one or two firms, and we have got to be careful *t the start and see what practical safeguards are possible part from the* actual inspection by Customs officers or possibly by the Controller of Stationery and Printing and his officers. Inspection is always possible, but it is expensive and apt to be troublesome. It is desirable to supplement inspection by some stomatic check hich will keep the concession within bounds. Do you see any way out of the difficulty?

M Richardson.—I do not think it would be so difficult as far as coloured inks are concerned, though even they vary so tremendously You take th proportion of pigment and varnish in the coloured inks. You get 4 parts of pigment and 6 of varnish in one nd you may get 3 parts of pigment to 1 of varnish in another That all depends on the particular pigments used.

President —If that is so it seems to me that the ink industry is not case suitable for rebate system, and if the concession is to be given t all it will be necessary to exempt your firm from the payment of duties at the time of importation.

M Richardson.—Every six months we get out statement showing quantity used and that in stock and that from my own point of view is easy W do not sell to outside people But I do not know whether it will satisfy the Customs.

President —I think we shall have to ask the Collector of Customs about it.

M Ginwala.—You rest your case merely on this that the foreign manu facturer gets protection of 12½ per cent. against the local manufacturer in the *matter of raw materials?*

M Richardson.—Yes.

M Ginwala —Your case, plainly put, is that that is very illogical position for any country to adopt? That is part from the question hether the industry wants protection or deserves protection.

M Richardson.—Yes. I say it is illogical.

M Ginwala —Look at your answer to question 20. There you have given the amounts you paid by way of duty in the last three years. They do not seem to correspond with the amounts shown in the lists.

M Richardson.—No, because these are amounts actually paid the amounts shown in the lists are those actually used.

M Ginwala.—It is really material for the Government, supposing there was question of rebate, to know how much has been used in particular year. You could only allow for certain margin in particular year

Mr Richardson —Yes We might use half this year

Mr Ginwala —That margin is generally supposed to remain the same?

Mr Richardson —Yes

Mr Ginwala —Supposing it was a question of giving you a rebate, would it not be simpler for Government to make you pay in the first instance and to give you a rebate at the end of the year If you get a refund at the end of the year, would it not serve your purposes? Do you see any difficulty from your point of view?

Mr Richardson —We would have to stand out of our money longer, but I do not think it would be very material

Mr Ginwala —You import these things as you want them It is not a question of paying Rs 10,000 down at once At the end of the year you are pretty well in a position to tell the Government that you used so much

Mr Richardson —We can tell that exactly at the end of the year but that would almost come down to splitting invoices We can take our invoices as we get them and say we use all or part of these

Mr Ginwala —Or you could say " We pay Rs 10,000 on all those articles which we have exempted from duty " so that in the following year the same thing happens on what you actually pay Is that a feasible proposition?

Mr Richardson —Yes

Mr Ginwala —You have stated in your answer to question 32 that there are small factories in some other places

Mr Richardson —Yes

Mr Ginwala —These factories probably do not import direct They buy in the bazaar

Mr Richardson —One in Calcutta did buy direct I know the people they have bought from, but with regard to the others I cannot tell you Of course they might be making only black ink of the cheapest quality for which they might make their own Black If they buy from the bazaar, it must be materials of very inferior quality

Mr Ginwala —If the factory is a small factory ordinarily it would not know how to import or it may not find it worthwhile In that case what would you suggest?

Mr Richardson —There would not be a refund

Mr Ginwala —They have already paid a duty as you have done What do you suggest in their case?

Mr Richardson —The easiest thing is to put a 15 per cent duty on to ink I do not think otherwise it would be helpful to them

Mr Ginwala —We really do not know how many people are manufacturing ink of this kind At schools we manufactured our own ink

Mr Richardson —We are not dealing with writing ink which is made in an entirely different process

Mr Ginwala —Printing ink too is the common kind of ink which can be manufactured?

Mr Richardson —It can be made in small quantities

Mr Kale —Do they use the same raw material for the manufacture of writing inks, black and so on?

Mr Richardson —None of them

Mr Ginwala —You suggest that 15 per cent should be put on ink but there is one objection to that If you look at your figures you will find that the imported raw materials and Indian raw materials you use are roughly in the proportion of 60 to 40

Mr Richardson —Yes

Mr Ginwala —The bulk of the materials are imported That offends against one of the principles to which we have referred The industry must have some advantage in regard to the raw materials It has not this advantage if it has

got to import 60 per cent of raw materials and only use 40 per cent. of the domestic raw material.

Mr. Richardson.—I quite see the point.

Mr. Ginwala.—Your case is not strong at present on the question of protection apart from the anomaly of the existing rates of duty.

Mr. Richardson.—Yes. I see the point.

Mr. Ginwala.—You run up against many difficulties if you really propose 15 per cent. duty. Are you serious about it?

Mr. Richardson.—As a working proposition it would get over a lot of difficulty.

Mr. Ginwala.—It has got its own difficulty.

President.—Your position, I understand, is this. If it is proper to put on paper 15 per cent. duty it is not improper to put an exactly similar duty on printer's ink, for any objection which can be urged on the ground that the higher duty would increase the cost of books, newspapers, etc., would apply to paper with equal or greater force.

Mr. Richardson.—Ink is a drop in the bucket when compared with paper.

President.—What is the value of the imports?

Mr. Richardson.—About Rs. 5 lakhs. See question 31.

President.—At present they pay 2½ per cent. and it would be about difference of 62,000 in the total amount that would be paid.

Mr. Ginwala.—Again Government would be losing an indefinite sum. That is the effect.

Mr. Richardson.—Yes.

Mr. Ginwala.—You have stated the selling price on the average is about 13¼ as. lb. The cost of production comes to about 12¼ as. Supposing a duty of 15 per cent. was put on it. You would naturally bring your price to the level of the price of the imported ink. That would give you another Rs. 40,000 on your total output against the saving of Rs. 10,000 on the raw materials, if duty on them was removed.

Mr. Richardson.—We would be very much better off but it would confine our dealings entirely to India.

Mr. Ginwala.—That would give you a profit of 25 per cent—Rs. 40,000 plus what you are making now on a capital of £20,000.

Mr. Richardson.—Last year we made Rs. 15,000 actually on manufacture profit.

Mr. Ginwala.—That paid 7½ per cent. dividend.

Mr. Richardson.—We made a good deal out of some other things which have nothing to do with manufacture.

Mr. Ginwala.—You say manufacture profits. You deduct depreciation from that?

Mr. Richardson.—Yes.

Mr. Ginwala.—Then you made Rs. 18,000 out of actual manufacture?

Mr. Richardson.—Yes. That is the net manufacture profit—the turn-over was just Rs. 3 lakhs.

Mr. Ginwala.—Look at your form II. How is this charge "other expenditure" gone up from Rs. 481 to Rs. 784. There is a big jump.

Mr. Richardson.—Because in that year the business we did was entirely direct. We had no selling agents. The prices had to be adjusted to that. After that we had got to make our actual selling price higher and allow for discounts given to selling agents.

Mr. Ginwala.—The average price as you have given it in answer to Question 31 includes agents' commission?

Mr. Richardson.—No. I have given you the net prices there because you were talking of imports.

President.—Referring back to the first page this valuation you have given—weight and value for each year—on what basis is the valuation taken?

Mr Richardson—These are gross The figures I have given in answer to question 6 are the actual sales

Mr Ginwala—Surely not, because these are the same figures as in Form I?

President—Those give us the value there, what we rather meant was the quantity, but as far as the quantities are concerned these can be got from your answer to question 6 It is not a point of great importance But as I understand now, the selling commission is included under this head "Other expenditure" in Form I, and is also included in page I, is it not?

Mr Richardson—Yes

President—What we wanted was that the selling commission should be separated

Mr Richardson—That is how we take it

President—If you could let us have copies of the profit and loss account it would be useful

Mr Richardson—I shall send you these for 1915-16, 1920-21, 1921 22 and 1922 23

Mr Ginwala—Now about these American Blacks Can't you manufacture them in this country?

Mr Richardson—These can only be had from America

Mr Ginwala—What is the reason?

Mr Richardson—They have a very large supply of natural gas in the oilfields These Blacks are made by burning the natural gas

Mr Ginwala—There are oilfields in Burma, is there any reason why they should not be made there?

Mr Richardson—I can't say, but I have to get it from America

Mr Ginwala—Does their manufacture require any very expensive machinery?

Mr Richardson—I cannot give you any details about that, but I don't think the plant would be expensive

Mr Ginwala—There are several oil companies in Burma, why can't they make it?

Mr Richardson—I believe they have looked into it more or less I know the Anglo-Persian Oil Company in Persia are looking into it now, but so far nothing has occurred except looking into the matter

Mr Ginwala—Is it a patent process or is it a process that is well known?

Mr Richardson—I know what the principle is myself You take a revolving water-cooled cylinder and underneath you burn gas jets The black from the flame condenses on the cylinder which very slowly moves round and the Black is brushed off and collected There is no reason why it should not be made in Burma at all, but the Americans have an absolute monopoly of it

Mr Ginwala—Do you mean to say that they supply the whole world?

Mr Richardson—Absolutely It is a very big trade now because in the last five or six years they have started putting it into the motor car tyres, and the quantity used in that has pushed up the price very considerably

Mr Ginwala—Now about this American rosin, you say it may be possible to use hereafter Indian rosin in its place

Mr Richardson—I would use it to-morrow if I could It may be possible that they may find a way I know the Government Chemist took it up, and they made a number of experiments

Mr Ginwala—If the duty is removed from American rosin, what inducement is there to the rosin manufacturer here to improve it so that it can substitute American rosin?

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Mr *Richardson*.—There is another thing in which you can't use it, that is shellac making.

Mr *Ginwala*.—So, do I understand that you cannot use Indian resin?

Mr *Richardson*.—If you take American resin in your hand and crunch it up you will find it very sticky but the Indian resin has no stickiness at all, it is like chalk. If you make ink with the Indian resin it will look absolutely satisfactory but after the ink has been standing for some little time it will become crystallized. I spoiled 5 tons of ink with Indian resin and spent lot of time on experiments, but it wouldn't work.

Mr *Ginwala*.—About these gums and varnishes they make some here but you don't use them?

Mr *Richardson*.—We chiefly refer to varnishes made by thickening linseed oil. Occasionally I buy it locally. Gums we have got to import. We use Gum Damar which comes from Batavia and that has got to be imported.

Mr *Ginwala*.—What receptacles do you use for selling ink?

Mr *Richardson*.—Mostly tins. I make my tins, at least I half make them. I get them out in the flat and make them up.

Mr *Ginwala*.—You would have to pay duty on that?

Mr *Richardson*.—Yes, 10 per cent.

Mr *Ginwala*.—How much do you use by way of tins?

Mr *Richardson*.—We used Rs. 12,000 worth of tins last year.

Mr *Ginwala*.—You will now have to pay 15 per cent. on that.

Mr *Kale*.—You have told us that in 1922 and 1923 you paid 7½ per cent. *free of income-tax as dividend?*

Mr *Richardson*.—Yes.

Mr *Kale*.—That would give one the impression that you were doing very well, and the experience of the last six months that you have related only proves that you would have to wait for some time to see how things turn out in the long run.

Mr *Richardson*.—I would like to point out that this 7½ per cent. was not from our manufacture alone. In the year ending January 1922 the profit was Rs 32,071 of this Rs. 4,511 was made out of other sources. In the year ending December 1922 the profit was Rs 43,751, and of this Rs 7,784 was made from other sources. In the year ending December 1923 the profit was Rs 44,639 of which Rs. 26,698 was made from other sources.

Mr *Kale*.—You have given 7½ per cent. free of income-tax for 1922 and 1923. How will these figures be affected by what you tell us now?

Mr *Richardson*.—I do not think there could have been much dividend paid last year if we had not made something from other things.

Mr *Kale*.—Take the year ending January 1922. You made a profit of Rs. 32,701 of which Rs 4,501 was from other sources, so that your profit was Rs 28,000. How will it work out?

Mr *Richardson*.—We had a loss to deal with in the previous year.

Mr *Kale*.—It means about 9½ per cent.?

Mr *Richardson*.—But in the previous year we had a deficit to write off.

Mr *Kale*.—In the next year similarly you made Rs. 43,000 out of which 7,000 was made from other sources. That would mean about Rs. 36,000 as your profit. That would work out at 11 per cent.?

Mr *Richardson*.—Yes.

Mr *Kale*.—These appear to be handsome profits as profits go in these days. *Can you then make out a case and say that you are losing?*

Mr *Richardson*.—I might make a profit by closing my factory. At that particular time we admittedly made 9 per cent. Next year it dropped and this year it has dropped more still.

Mr *Kale*.—It would rather prove that you would have to wait. You are rather in a hurry because, so far as we have been able to find out, while other factories are working at a loss you have been working at a profit?

Mr Richardson—Yes

Mr Kale—The general depression does not seem to have affected you?

Mr Richardson—Perhaps it is beginning to affect us In the last six months we have not made any profit

Mr Kale—I do not question that, but to my mind that only shows that you have got to wait for another six months and see how the year turns out and then it will be time to try and make out a case In another six months something may turn up in Germany and elsewhere and prices may go up and you may make a profit

Mr Richardson—Yes

Mr Kale—And then we might have without sufficient justification accepted your claim?

Mr Richardson—But still you do not deal with the fact that the position is unfair

Mr Kale—That is a general proposition I am not dealing with that now I am dealing only with your profits

Mr Richardson—The dividend that we have paid is not exactly fat

Mr Kale—But it is not certainly very lean! Most of the other industries which we have considered and are considering have been able to show that they had made absolutely no profit, on the contrary they are losing and that seems to be some justification for protection being granted in one form or another But here it seems to me that you might wait for some time and see if the conditions which you have described become permanent, then it may be a strong case, but if they do not become permanent do you think we should be justified in making recommendations on the strength of what might ultimately prove to be temporary conditions? That is our difficulty

Mr Richardson—Yes, that is true

Mr Kale—Up to the year 1915 there was no import duty on printing ink at all

Mr Richardson—No

Mr Kale—And the duty upon some of the raw materials was 5 per cent ?

Mr Richardson—Yes

Mr Kale—And the change seems to have taken place during and after the war?

Mr Richardson—Yes

Mr Kale—That shows that the financial difficulties Government had to face might have something to do with it Otherwise they would not have gone out of their way to put obstacles in the way of Indian manufactures When you say that it is illogical to impose duties on raw materials while leaving the manufactured articles free must we not take into account the fact that these duties were necessitated by war conditions and financial difficulties during the time of war It is not a fair conclusion to draw from these facts?

Mr Richardson—Yes From that point of view if 15 per cent had been put on to printing ink it would be equally fair

Mr Kale—The raw material which are used by you are used in other industries also While Government apparently did not want to discourage the spread of education and so forth at the same time they had to impose duties on varieties of articles which were used by various industries That is probably how the duties came to be increased

Mr Richardson—I agree but the amount of duty that Government may have to sacrifice would be very small, and it is after all a financial consideration for the Government of India apart from the other difficulties which we have been discussing But exemption can be granted as these difficulties are there

Mr Kale—You have said that there are some factories in Lahore and other place Have you got any particular information concerning them?

M Richardson—I cannot give you any information about any others except the one in Calcutta which I have not seen. But I know that a man called *Das Gupta was selling quite a considerable quantity several years ago*, but it seems that he is selling only a small amount now because he was selling considerably below cost That cannot go on for ever

M Kale—Do you think that these *factories* have modern machinery and that they manufacture machine-made ink?

M Richardson—The one in Calcutta has. The man in Lahore used to be *my agent*, and when I took away my *agency from him he started manufacturing*, but I don't think he made a success of it. The great thing in making printing ink is not so much the process, as knowing what materials are required and how to use them

M Kale—Do you think that printing ink can be manufactured from the materials that you use without the help of modern machinery

M Richardson—It would not be possible

M Kale—If there are any factories in Calcutta, you think they must be on the same lines as yours, namely with modern machinery?

M Richardson—Yes

M Kale—There is one discrepancy to which Mr Ginwala drew your attention between the figures for the customs duty in Forms I and II and answer to question 20. You must have accumulated a very large amount of stock

M Richardson—We have a tremendous lot of stock on hand.

M Kale—There is one other point to which I want to draw your attention You are asking for protection but you tell us that your Company is not a Joint Stock Company

M Richardson—It is a private *Limited Liability* Company

M Kale—Is it not open to the objection that, if any benefit accrues to the industry as a result of protection it would not be open to the public as a whole? *It* would be a kind of monopoly *if* I may use that word. Suppose protection is granted to you, you would have a sort of monopoly Your shares are not open to the public—apart from the *fact* that there are no *Indian shareholders Is it fair* that this *sort of monopoly should be created* in India

M Richardson—Other factories would start.

M Kale—*Having* your own experience do you think other people would start joint stock companies for the manufacture of ink?

M Richardson—I think it is very doubtful.

M Kale—Yours is a private company and the public might say that they had no opportunity of deriving any benefit out of it They cannot invest their money in your business and buy your shares

M Richardson—We might consider the possibility of selling our company

President—That is a possible development.

Witness No 2

JOHN KIDD AND COMPANY, LIMITED, LONDON, AND THEIR REPRESENTATIVES IN INDIA (MESSRS WILSON & CO, MADRAS AND MESSRS WILSON & CO'S CALCUTTA AGENTS, MESSRS LEON SAUBOLLE & CO)

A —Written

Statement I —Letter from Messrs John Kidd & Co, Ltd, dated 19th June 1924

Our attention has been drawn to a letter addressed by you to our Agents Messrs Leon Saubolle & Co, Post Box No 203, Calcutta on the subject of Duty on Imported Inks

We venture to put forward for your consideration the following facts as they appear to us —

1 Printing ink is the raw material of every printer in India and since India is in direct competition with this country and other countries in the production of printed matter, it would seem to follow that printing ink ought to reach the Indian printer at the lowest possible price and of the best quality

2 We understand that there are local printing ink factories in India and these claim that they are in a position to manufacture the probable requirements of India This we take leave to question as of the very considerable exports from this country, notwithstanding that factories have existed in India for more than ten years our exports continue to form a considerable proportion of the consumption of printing ink in India

3 We are given to understand that the following ingredients in printing inks are not manufactured in India —

- American Gas Blacks,
- Vegetable Blacks,
- Pigments of all shades made from Aniline and Alizarine dyes on Metallic bases,
- Metallic pigments comprising Zinc White Flake White Alumina White, Chrome Yellow and Green of all shades, Prussian Blues, Bronze Blues, Ultramarine Blues, Umbers Siennas and similar colours,
- Aniline dyes of all shades,
- American Rosin (Indian Rosin is not suitable for the manufacture of Printing Inks)
- Gums of all descriptions both natural and synthetic
- Lithographic Varnishes cleine etc,

and as they have to be imported in comparatively small quantities required for India's use it should follow that a country such as Great Britain where the consumption of printing inks is enormously larger than that of India, this country should be the best centre in which these raw materials could be obtained Thus we claim that the British Ink Manufacturer can buy these materials more favourably than the Indian

4 In the manufacture of printing ink establishment overhead selling and distribution charges form a very large proportion of the total cost of the manufactured printing inks In comparatively small factories the fixed charges remain an unduly large proportion, and therefore we maintain the

Indian printer can always buy British imported inks to shew a better value than can be obtained from the local factory.

5. The quality of printing ink is all important, and with the accumulated experience of over a century in our own case and half a century or more in many of our competitors' establishments, we claim that the British product is a better product than the Indian can hope to be for many many years to come. We emphasise this point because printing ink, although an important commodity as shewn, does not usually account for more than 3 per cent. of the total cost of the printed matter. It is therefore poor economy to buy cheaper inks because they appear to be cheap. Anyhow in all the better grades of inks there can be no question as to the superiority of the British make over that produced by local factories. As proof of this we are asking our General Agents, Messrs. Wilson & Co., of Madras, to forward to you one of our specimen books with price-list enclosed, and we would ask you to be good enough to compare our specimens and relative prices with those of the local ink manufacturer.

6. The amount of labour employed in the manufacture of all printing ink from the raw materials—nearly all of which have to be imported—is extremely small, and we venture to suggest that not one hundred work-people are employed in making ink in India, and at the same time we hazard the opinion that there are many many thousands occupied in producing printed work. Surely it is not good policy to foster at such a cost, the establishing of a local but small industry to the cost and disadvantage of so much larger a trade.

We do not venture to pass any comments on what your Tariff Board may decide to do with regard to the raw materials imported into India for the manufacture of printing inks—this may be a Revenue question on which it may be presumptuous for us to offer an opinion.

Statement II.—Written Representation, dated the 29th August 1921 from Messrs. Wilson & Co. on behalf of Messrs. John Kidd & Co. Ltd., London.

We have the honour to refer to the enquiry regarding the grant of protection to the Printers' Ink Industry in India, and in particular to the evidence tendered by the Hooghly Ink Co., for protection—and on behalf of Messrs. John Kidd & Co. Ld., Printing Ink Manufacturers, 11, Wine Office Court, London, E.C., whose Agents we are for the whole of India, Burma and Ceylon, we desire to protest against any protection being granted in this case.

A. In the first place we wish to protest on the general grounds that if Government decide upon the necessity for protection of Indian industries, *the general policy of universal protection should be applied, and no particular* industry should be singled out for preferential treatment.

B. Secondly we wish to protest on the grounds that the formation of the Hooghly Ink Co. is such that Indian interests would not be benefitted by any advantages which might accrue from such protection.

The evidence tendered reveals —

1. The absence of Indian Directors (Question 7).
2. The Company being a private limited one the shares are not in the market and are not available for purchase by the Indian public (Questions 1 and 2).
3. By virtue of No. 2 preceding any benefits resulting from protection would accrue not to India but to the proprietors and shareholders of the Company outside India.
4. *The Hooghly Ink Company's claims are launched solely from* the standpoint of benefiting the Company which they assert does not pay sufficiently high dividends, not from the point of view of benefiting India or the Printing Industry in India.

C From a manufacturing standpoint we wish to point out—

1 Inasmuch as only about 17 per cent by value of the raw materials used by the Hooghly Ink Co consists of Indian raw material (Question 61, Form II)—the rest being imported—the industry can scarcely be considered indigenous

2 The Hooghly Ink Company's staff comprises only —

35 coolies
5 Factory Babus (Question 27)

and an industry whose employment roll is so insignificantly small can scarcely be considered of Indian National Importance, nor even of Presidential importance

3 The capacity of the Hooghly Ink Company's plant is stated at 480,000 lbs per annum (Question 5) and their present output, say, 350,000 lbs (Question 6) representing only 75 per cent of the capacity 25 per cent under production seems heavy especially having regard to the fact that establishment and overhead charges would not be increased if the capacity of the plant was fully satisfied (Question 62)

4 The Hooghly Ink Company plead the injustice of the raw materials used in their manufactures being assessed for duty at 15 per cent whilst imported Printing Ink only bears a 2½ per cent duty We, however, claim that a comparison on manufactured costs is the only correct basis The customs duty paid by the Hooghly Ink Co on imported material is about 3½ per cent of manufactured cost (oral p 36) so that in effect the Hooghly Ink Company are only at a disadvantage to the extent of 1 per cent with imported ink On the other hand they have the advantages they admit in Question 87, and it is difficult to reconcile these latter advantages with the necessity for selling their productions at 5 to 10 per cent less than imported ink (oral p 30)

D From the marketting point of view The Hooghly Ink Co plead that they find themselves at a disadvantage in competing with imported ink We fail to understand their contentions since —

1 Their selling rates are lower than ours
2 The discounts they give their buyers are higher than we give
3 Frequently they allow longer credit than we allow We have never made it our policy to undersell them and contrary to our competing with them on a price or terms basis we feel the contrary is the case This situation, we maintain applies equally to other imported inks of British manufactures In the case of Inks of German origin the position may be different, but German Printing Inks do not at present dominate the Indian market

F In conclusion we wish particularly to emphasise that the Printing Trade is of far greater importance to India than that of the manufacture of printer's ink The numbers employed in the Printing Trade are very considerable and the industry is attracting a wider section of the Indian community year by year

We desire to draw the attention of the Board to section 90 Statutory Schedule of the Import Tariff which provides a duty of 15 per cent on "Stationery including ruled and printed forms, account and manuscript Books drawing and copy books labels advertising circulars, cards almanacs and calendars The intent of this section of the tariff is surely to afford protection to the Printing Trade in India rather than from the point of view of revenue

Despite this assistance it is to be regretted that by reason of the present very low standard of printing in India many important orders are placed outside the country

Printing is in its infancy in India, and for many years all advancement must come from the West.

No action should therefore be taken by Government which might be calculated to adversely affect the advantages of Western influence in printing out here.

The process of manufacture of Printing Ink is highly technical and scientific, and it must be claimed that Home manufacturers have a much wider field from which to draw experienced and qualified chemists. It must also be claimed that their labour is more skilled.

Add to this the much keener competition that exists at Home, the wider range of Inks in common demand, and a infinitely higher standard of printed results and you find conditions which must influence a much higher standard of perfection in ink production.

The steady demand which exists for imported inks manifests that the trade does require them, and the introduction of any measures affecting the requirements of the trade would be liable to have a retrograde effect.

We therefore particularly urge that this question be considered from the wider and far more important standpoint of the requirements of the printing trade.

F. W. shall be pleased to give oral evidence at Madras if required to do so by the Board.

Statement III.—Letter from Messrs. Lee Sanbell & Co., Calcutta, on behalf of Messrs. John Kidd & Co., Ld., dated 14th August 1924, forwarding views on the subject of grant of protection for printers' ink.

We have the honour to address you in reply to your communiqué inviting representations regarding the grant of protection to the Printers' Ink Industry.

Messrs. John Kidd & Co., Ltd., whom we represent have already addressed you in the matter and we beg to offer a few further comments.

1. In their written statement the Hooghly Ink Company state that their plant is capable of, say, 480,000 lbs. per year depending on the qualities of ink made (Question 8), and as they show that the bulk of their production (Questions 6 and 11 and oral page 27) is of the cheaper qualities, it would appear that their plant is capable of 480,000 lbs. of the qualities they are making, but they prefer to sacrifice cost and manufacture as orders are received (Question 74). The plant is capable of 480,000 lbs. or 133,333 lbs. more annually than was produced in 1923. This would have yielded an extra profit of, say, Rs. 8,230. It must be noted that this extra profit is based on the 1923 outturn, whereas with the increased output the standing or overhead charges would remain about the same resulting in a smaller cost per ton and a larger profit, more than in proportion to the extra ink manufactured.

2. The Hooghly Ink Company Limited, during 1923 used imported materials valued at Rs. 90,880 (Question 15), and calculating duty as Rs. 15,070 at 16·6 per cent. (Question 19) makes the percentage of duty on their total production cost of Rs. 2,44,159 for 1923 as 5·7 per cent. In the case of imported inks we have to pay an average of 7 per cent. for freight and insurance and 2½ per cent. import duty making a total of 9½ per cent., so that the Hooghly Ink Company are at present better off than importers by 4 per cent., and if their duty were reduced by 14 per cent. to 2½ per cent. they would be placed in a better position than importers to the extent of 18 per cent.

3. In oral evidence (page 30) it appears that the Hooghly Ink Company sell 80 per cent. of their production in Calcutta including up-country. Therefore during 1923 they sold Rs. 1,33,036 (cost price) ink in Calcutta and up-country as against Rs. 1,32,753 (c.i.f. price) ink imported into Bengal in 1923-24. The Hooghly Ink Company have, therefore, alone supplied as much ink in Bengal and up-country as all the importers put together.

4 The Hooghly Ink Company have supplied almost the entire requirement of all Government Presses throughout India since 1915 (Question 35) We this year, tendered for the Government of India contract but were unsuccessful and were informed by the Stationery Office that the Hooghly In Company's offer was better than ours

5 The Hooghly Ink Company are in a better position than importers a they are able to manufacture and supply printers immediately with an quality, shade and quantity required Importers regulate stocks accordin to sales and frequently run out of stock

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Statement II —Letter from His Majesty's Senior Trade Commissioner i India, Calcutta, dated the 8th November 1924 forwarding supplementar statement submitted by Messrs John Kidd & Co, Ltd, London

With reference to my previous letter of the 9th of October I am no instructed by the Board of Trade to forward for the information of th Indian Tariff Board the enclosed * * * supplementary evidenc forwarded by Messrs John Kidd & Co Ltd, who are believed to be th largest exporters of printing inks to India

The Board of Trade will be glad if the Tariff Board would give carefu consideration to these representations

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Supplementary statement from Messrs John Kidd & Co, Ltd, Londo dated 20th October 1924

With reference to the protest made by the Society of British Ink Make of which Society we are members we desire as by far the largest exporte of printing inks etc, into India to also make an independent prote against the granting of either part of the appeal of the Petitioning Compan

The main grounds of our protest against the proposed alteration in th existing duties are as follows —

The application is not so much a request for protection of a nati Industry as it is a demand for the granting of a virtual monopoly to o individual firm, and at that a firm whose profits are entirely transferred o of the country The evidence tendered reveals —

(a) The absence of Indian Directors

(b) The Company being a private limited one its shares are not the market and are not available for purchase by the India Public

(c) By virtue of (b) any benefits resulting from protection would accr not to India but to the Proprietors and Shareholders of the Con pany outside India

(d) The Hooghly Ink Co's claims are launched solely from the stan point of benefitting the Company which they assert does n pay sufficiently high dividends—not from the point of vie of benefitting India or the printing industry in India

The main reason which the Hooghly Ink Co Ld give in support their appeal is that they suffer a certain hardship in competition with th firms exporting to India but we wish to show that even this entirely ina quate reason is based on an entirely incorrect estimate of the present positi Far from being at a disadvantage the Petitioning Company has alre certain distinct advantages in comparison with the British printing ink hou exporting to India On page 30 of the evidence of the Hooghly Ink Co, giv before the Indian Tariff Board the Company admit that their labour co work out at 2 annas per lb against 3½ annas per lb which represents t

MESSRS. WILLSON & CO. MADRAS: SOLE AGENTS IN INDIA OF MESSRS. JHON KIDD & CO., LONDON

B.—ORAL.

Evidence of Mr LEON SAUBOLLE, representing Messrs. Leon Saubolle & Co., Agents of Messrs. Wilson & Co., Madras, recorded at Calcutta on the 2nd December 1924.

President.—You ppear to-day I nderstand on behalf of your own firm who are representatives of Messrs. John Kidd and Company ad also on behalf of Messrs. Wilson nd Company who are also Agents for Messrs. John Kidd and Company?

M Saubolle.—Yes. Messrs. Wilson nd Company are the Agents of Messrs. John Kidd and Company for the whole of India, Burma and Ceylon.

President.—Messrs. John Kidd and Company have flooded us with multiplicity of representations because in the first place one was sent through you, the second place there was your own representation in the third place one was sent to us by Messrs. Wilson and Company and in the fourth place w have to-day received through the British Trade Commissioner yet another representation from Messrs John Kidd nd Company, so that one has to refer backwards and forward to the various representations

M Saubolle.—It is rather unfortunate. I wanted Messrs. Wilson and Company to do it entirely but I was leaving Calcutta in August and representations had to be made to you within ertain date and not knowing whether Messrs Wilson nd Company had done anything, I wrote to you but I did not offer to give oral evidence. I thought that it might save your time

President.—Had we adhered to our original intention and visited Madras, Messrs Wilson and Company no doubt would h ve given evidence there. I don't think that t will be necessary to make the examination very long one because the points re comparatively simple I don t know which is th most convenient one to begin ith. Perhaps we might begin with Messrs W lson and Company' representation. Have you got copy of that?

M Saubolle.—Yes, I have

President.—The first point is this. They say on behalf of Messrs. John Kidd and Company whose Agents we are for the whole of India, Burma and Ceylon, we desire to protest against ny protection being granted in this case Does that mean, do you think, that the request f the Hooghly Ink Company for exemption from the duties on certain materials should not be granted?

M Saubolle.—W find that they have not made out case.

President.—I am not for the moment concerned with the reason. All I want to ascertain is whether your objection extends t any assistance being given to them t all

M Saubolle.—W prefer that it should not be

President.—You go the whole length, that is th ttitude of the firm you are representing?

M Saubolle.—Yes

President.—The ext paragraph is headed with the letter A. You say we wish to protest on the general grounds that if Government decide upon

Statement II

the necessity for protection of Indian industries, the general policy of universal protection should be applied, and no particular industry should be singled out for preferential treatment " That, surely, is an objection which cannot be raised at this stage because the policy to be followed in the matter of Protection has already been laid down The policy is discriminating Protection, and it definitely implies that we are to select amongst the industries and decide whether a particular industry is one that deserves Protection or does not

Mr Saubolle —I think so

President —So that I am afraid we cannot entertain a general objection o this kind

Then, in clause B Messrs Wilson and Company have put forward certain objections to Protection being given, but it does strike me as a little incongruous that these objections should be put forward by a British firm viz, the absence of Indian Directors, the fact that the shares of Messrs Hooghly Ink Company are not in the market and so are not available for purchase by the Indian public, and that any benefits resulting from Protection would accrue, not to India but to the proprietors and shareholders of the Company outside India I can very well understand these objections being urged by Indian witnesses, who appear before us, but I do think that they appear a little incongruous in this representation

Mr Saubolle —The way we look at it is that if you are going to protect an Indian industry, it should be Indian It should be purely or largely Indian If it is going to benefit the Indian we are quite in accord with it But the Hooghly Ink Company is purely and simply a British concern the whole capital is British and the whole profit goes to a British house We cannot see what advantage there would be in Government assisting the Hooghly Ink Company Had the capital been Indian to any extent we should have viewed it differently

President —I am not sure At any rate your objections would have been differently stated

Mr Ginwala —The point is that we are not here to give Protection to any particular company It happens that the industry is represented by one company Largely it is a question of the industry itself so that the question of a particular company being not an Indian company clearly does not arise

Mr Saubolle —I was under the impression that the policy was more to assist Indian industries where Indian capital was employed

President —What Mr Ginwala meant is supposing Protection were given, there was nothing to prevent another Company being started in another place

Mr Saubolle —If that was so we would have viewed it differently

President —I think that Mr Ginwala is right in saying that the mere fact that the existing Company happens to be a British company is not decisive against the claim because as I say it is quite open to others to start a company and it is not an industry which requires an expenditure of a great deal of capital to start with As compared with most industries the capital expenditure required for this industry is small

Mr Saubolle —Yes but if it was an Indian company to any extent we should not offer much opposition to it

President —Well there again it seems to me that there is a certain incongruity The applicants for Protection are a British firm but nearly all opponents to that Protection are also Britishers It seems to me that they are fighting amongst themselves on this issue It makes the whole position rather absurd

In clause C of the same letter you say that only about 17 per cent in value of the raw materials used by the Hooghly Ink Company consists of Indian raw material I don't know where you get the 17 per cent from It should be about 40 per cent

M Sawbell —I don t think so.

President —N doubt any increase i cost is t the disadvantage of an industry but t is not going to amount to anything ery serious.

In the next clause of this paragraph Messrs. Wilson nd Company allude t section 90 of the Tariff Schedule which provides d ty of 15 per cent. on stationery etc and then they say that the tent of this section of the tariff is surely to afford Protection to the Printing trade in India rather than from the point of view of revenue. I think that you must take it that until the duty is definitely called protective, t is purely revenue duty These are the points in Messrs. Wilson and Company' letter.

There are just one or t pes ts in the letter of your own firm. I want to draw your tention to paragraph 2. There the figures you are using are I think not the best figures to use As matter of fact there are discrepancies the evidence of the Hooghly Ink Company different parts of their answers to the questionnaire. The duty on the imported materials actually used in 1923-24 as not given as Rs. 15,000. I think that they explained the oral evidence that that as ht was actually imported, but that t was large quantity tha they actually consumed.

In the same paragraph you say I the case of imported inks we have to pay verage of 7 per cent. for freight nd insurance nd 2½ per cent. import duty making total f 9½ per cent., so that the Hooghly Ink Compa y are t present better off tha importers by 4 per cent. That seems very doubtf l point ndeed. I notice that Messrs. Job Kidd and Company in their latest representation† take freight a insurance as only 3 per cent.

M Sawbell —That is wrong

President —I have only just seen it today

M Sawbell —I don t know hether th freight to Bombay and Madras is ry different to Calcutta.

President —I don t think that is so point. I think that the suggestion is that when yo compare the handicaps which the Indian manufacturer has to suffer as compared ith the handicaps of th importer th freight on the imported k ought to be taken into account. In some cases, that might be so, but in this case I don t thin that the freight on the imported ink can be taken into account, because large proportion of the materials out of which th Hooghly Ink Company make their ink re imported, and even when they are not imported—the such stores as mineral oil nd linseed oil—the Indian prices are determined by the cost of importation, so that for practical purposes they have et as much to pay in freight as the importer Indeed they ma have more cause there must be certain amount of wastage of materials nd the total qu tity of materials required to make pound of ink must be more than at.

M Sawbells —Naturally

President —Therefore I m not t ll prepared to admit that as compared with the India ma ufacturer the importer is at disadvantage by having o pay freight on the ink because the India ma ufacturer has got to pay that freight also

M Sawbells.—T figure we calculated is inclusive of freight. The duty would be calculated th f price I our letter we mentioned the duty paid by the Hoogh Ink Company as Rs. 15,000 which would be on the c. f price.

President —W are not talking about the duty but about freight.

M Sawbell. Th freight is included in that

President am afraid I don t quite follow What is your suggestion?

M Sawb —W have got to pay freight on the ink, but the Hooghly Ink Company pay on materials which go to make up their ink.

Statement III.
† Statement IV

President —I don't see how the duty comes into it My point is that the freight ought not to be taken into account in comparing the advantages and disadvantages

Mr Saubolle —It is not so much the duty as the freight which is included in the price of the materials they import

President —And the freight they pay is probably higher than the freight which the importer pays

Mr Saubolle —It may be in certain cases Their total cost with freight would be only 5 7 per cent which we mentioned in our letter

President —I don't quite follow My point is this You have to pay an average of 7 per cent on freight and insurance That, I say definitely, you are not entitled to take into account at all, because the Indian manufacturer is paying precisely the equivalent charges

Mr Saubolle —His freight is included and therefore we must include ours

President —But it balances out You are not entitled to say that he has got an advantage of 5 7 per cent You say the importer is at a disadvantage of 9 5 per cent I say you must cut 7 per cent off that You are not entitled to put it that way

Mr Saubolle —Of course, it just depends on what they have paid in freight

President —I think one can make a very fair calculation, from the reasons I have given that the total materials he uses must be greater in weight than the ink produced

Mr Saubolle —Yes

President —It is true that some of these materials are purchased in India, but the price of these materials purchased in India is determined by the cost of importation, and therefore to all intents and purposes he is paying freight even on that

Mr Saubolle —Taking it that way it is so

President —Let me put it this way Supposing—putting aside the question of Protection—supposing there were no Customs duties at all then you can get a comparison of what the cost of manufacture would be and what the price of the imported ink would be Do you think it is an unreasonable claim that the Company should ask to be put in the same position as if there were no duties at all?

Mr Saubolle —I certainly think they have a right to ask to be put on the same footing as the others

President —What they say is that the tariff is so arranged that they are worse off than if there were no Customs duties at all

Mr Saubolle —I do not see that

President —It has got to be proved But is it an unreasonable position for them to take up?

Mr Saubolle —But in the oral evidence if I remember aright, Mr Richardson said that their duty came to 3½ per cent on the total finished production

President —The duty on the imported material is about 3½ per cent of the cost of production If you take into account the duty on the materials purchased in India such as linseed oil mineral oil and so on the price is admittedly governed by the cost of importation But apart from the precise figures do you think it is really an unreasonable claim that they should be put in the same position in which they would be if there were no customs duties at all?

Mr Saubolle —Certainly I personally agree that they should be put on an equal footing with the importers

President —It does not seem to me that they are on an equal footing at present Protection does not begin until they have reached that stage I must say that I am not impressed by this argument or by similar arguments

I the last represent t on we have had from Messrs. John Kidd nd Company They default ly say t the end of paragraph 3 W claim that the British Ink ma ufacturer can buy these materials —that is the various materials which they w t xemption from duty— more favourably tha the Indian. That is the whole point. Admittedly the British manufacturer has substantial advantage. He gets his material cheaper and it is not very consistent with the arguments advanced in the later representation which is devoted t prov ng hat umber of advantages the Indian manufacturer has Then t the end of paragraph 4 of that letter you say W maintai the Indian printer ca always buy British imported inks to show better value than can be obtained from the local factory I don t quit follow that, because t all depends on what price he pays. Let us grant that British ink is better than Indian ink. Supposing he is paying lower price for the Indian nk, t is by no mea certainty that he is getting better value!

M Sarabelle —No it is not.

President —You say Printing ink, though important commodity does not usually ccount for more tha 7 per cent. of the total cost of the pri ted matter' I am quit willing t accept Kidd & Co.s evidence on that point I put it as high as 5 per cent But I do think that the general arguments t th beginning of Messrs Joh K dd nd Company' representation re bttle sccongruous.

M Gi wala.—There are two aspects to this question. First of all the Hooghly Printing Ink Company cla m that they should be exempted from the payment of duty on certain of the raw materials which they use in the manufacture of printer' nk. Their contention is that they pay duty of 15 per cent. on most of their raw materials for the ink they manufacture in this country whereas the finished article pa 2½ per cent. N doubt you will admit that if industry has to be established in this country it must be in t least as favourable position as the foreign article would you not?

M Sarabelle —Certainly

M Gi wala.—You will agree then that looked at from that point of view the Hooghly Ink Company is not i as f vourable position as the foreign ma ufacturer?

M Sarabell —They have to pay duty of 15 per cent. on their raw materials generally but it boils down to much lower figure on the finished article.

M G nwala —Then with regard to some of the general objections that you have raised i paragraph 5 of the letter of the 14th August 1934 yo say The Hooghly Ink Company are in better position than importers as they re ble to manufacture and supply printers immediately with any quality shade nd quantity required. That is surely not an objection to the industry getting encouragement It is rather point in their favour

M Sarabell —What we wanted to show was that if they had ny disadvantages they had certain dva tages too

M Ginwala —That i rather an rgument in f vour of any industry hich asks for assistance. Then in paragraph 4 you say The Hooghly Ink Company have supplied almost the entire requirements of all Government presses throughout India since 1915. W this year tendered for the Government of India contract but were unsuccessful and were informed by the Stationery Office that the Hooghly Ink Company' offer was better than ours If it was better than yours you cannot seriously complain that they got the order

M Sarabell —W are not complaining. W are simply trying to show some of the advantages they have

M G wala —It is not an dvantage at all for person to quote lower price

Statement IV

Mr Saubolle—I understand that their price was not low, but, everything considered, their offer was a most suitable one

Mr Ginwala—Converting all the advantages they offered into money, it is cheaper from the Government point of view, is it not?

Mr Saubolle—Certainly

Mr Ginwala—In that case is that an objection?

Mr Saubolle—By no means

Mr Ginwala—With regard to your general argument about the industry not being an Indian industry, take the case of two British firms—one established in Great Britain and one established in this country If it is a question of rendering assistance from India's point of view, which would you regard with more favour?

Mr Saubolle—If you are considering the Indian consumer, then certainly the Indian factory should get some advantage

Mr Ginwala—You cannot expect the country to give the same treatment, other things being equal, to an industry established abroad as to an industry established at home?

Mr Saubolle—No

Mr Kale—Have you anything to say with regard to the quality of the inks produced by the Hooghly Ink Company? Do you think that they are inferior in quality to those imported?

Mr Saubolle—I have not sufficient experience to speak about that, but the printers generally find their ink satisfactory

Mr Kale—You have yourself pointed out that the Government presses are using that ink Apparently that shows that Government is satisfied with the quality of the ink?

Mr Saubolle—Yes

Mr Kale—With regard to the lower price at which the Hooghly Ink Company are selling their inks, you are aware, as has been pointed out, there is oftentimes a prejudice in the consumer's mind against the Indian product as compared with the imported article, so that if the Hooghly Ink Company have to sell their inks at lower prices, it may be because of the existence of that prejudice

Mr Saubolle—I do not think that argument still holds It used to be so, but the Hooghly Ink Company are now selling largely and people buy their inks without question There was a time when they had to introduce their inks in the market and they had to undersell the imported article

Mr Kale—In Messrs Wilson and Company's representation it has been stated that their selling rates are lower and the discounts they allow are higher The reply to this is that if they have to sell in competition with the imported ink, they have to give these concessions to the consumers

Mr Saubolle—It need not necessarily be so much

Mr Kale—Don't you think that they would try to get the best out of the consumers, and the very fact that they have to grant these concessions goes to show that they have to meet the wishes of the consumers and have to sell at a lower price if they are not able to sell in sufficient quantities?

Mr Saubolle—But from the figures we have, they are doing just as much in Calcutta and up-country as all the importers put together

Mr Kale—Not in the other markets?

President—Only at a certain price they can do that

Mr Saubolle—I don't think they need cut the price to that extent

President—Admittedly they sell a certain quantity of ink in India but if they charged a higher price it might be reasonable to suppose that they would not be able to sell as much

Mr Saubolle—I think that all depends on the salesmen

President.—In any case I will go back to the original point. If it is true, as Messrs. John Kidd and Company say, that the Indian article is distinctly inferior to the British article then no further explanation as to the lower price is required.

Mr. Saubolle.—But to what extent?

President.—I rather gathered from John Kidd and Company's letter that their ink was certainly better ... They say that "it will take great many years for the Indian manufacturer to produce so good product the British."

Mr. Kale.—Have you realised that in the general arguments that you have advanced, you are supporting the principle which was discussed in the Legislative Assembly when the question of the Steel Industry (Protection) Bill was before it, namely that if Protection was to be given to any industry in India, Government should insist upon that industry being very largely financed by Indian capital and be managed largely by Indian Directors and so on? Do you generally accept that principle?

Mr. Saubolle.—I do. I think if it is to benefit Indians then it would be understandable from my point of view but if it is purely British house, unless there were some real benefit accruing to the country from it, I do not see why they should get any benefit.

Mr. Kale.—Don't you take into account the fact that much of the pioneering work in the matter of starting industries in this country has been done by British capitalists so that even ... the case of British manufacturers it may have to be pioneered by British capitalists. From that point of view it may be of advantage to India to have this pioneering work done in this country and afterwards Indians might follow in the footsteps of European capitalists?

Mr. Saubolle.—That is so.

President.—Would it be unfair, do you think, to attribute this motive in using the argument that if only industries which were financed by Indian capitalists were to be protected, there would not be many industries to protect and the British industries would escape still more? Another representation has been received through the British Trade Commissioner in from the Society of British Printing Ink Makers. It says "A minority consisting of 3 members of the Society—holding between them the whole of the share capital and controlling the management of the petitioning Company are not in favour of any objection being raised by the Society against the representations made by the petitioning Company to the Indian Tariff Board." The point of it is, as I said before, that as apparently no one is appearing before us in this case excepting these three members of the Society of British Printing Ink Makers, for Protection, they are unable to agree among themselves.

Witness No 3

THE TIMES OF INDIA

WRITTEN

Statement I—Written representation, dated 18th August 1923

Regarding the application of the Hooghly Printing Ink Company for protection and your letter No 709 of the 13th instant we have no objection whatever to the duty on raw materials used by them being removed, but we object to an increased duty being placed on imported manufactured inks

We have tried to use Printing Ink manufactured by the Hooghly Ink Company but have had to discontinue owing to its being unsatisfactory They supplied us with inks for our Daily and Illustrated Weekly editions, but we had great trouble in using them and had constant complaints from readers that the ink rubbed off on their hands and clothes (see copies of our letters herewith)

We were therefore forced to discontinue them especially as much better ink was coming from England at a considerably lower price

Higher grades of coloured and black for the very best work could not, in our opinion, be manufactured in India owing to the necessity for uniformity which is only possible under constant expert supervision

From our point of view, the imposition of a tariff on printing ink would not do this industry the slightest good as we should still be compelled to order good inks from England but would unfortunately have to pay more for them

The latest comparison in prices we have is as follows —

Daily news ink

Hooghly—December 1922—7 as a lb less 5 per cent delivered

English Rotary Ink—5½*d* c i f *plus* 2½ per cent duty and delivery

Weekly Blue Black Ink

Hooghly—September 1923—Rs 1-8 per lb less 12½ per cent delivered

English Ink in use—1*s* per lb c i f *plus* 2½ per cent duty and delivery

P S—As this is the whole of my objection, it will probably not be necessary for me to be examined in Bombay

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Enclosure I

Copy of an extract of a letter from Messrs Hooghly Ink Co Ld, dated the 2nd January 1923

We are glad to note that the drying is satisfactory as this was of vital importance As regards the "filling up" of which they complain we will make the next 50 lbs rather softer and this should overcome this defect, we

will also increase the blue considerably as suggested by M Smith. This unfortunately will also increase the price to Rs. 1-6 per lb. but blue is expensive so this is unavoidable W will despatch the 80 lbs. by passenger train on Thursday

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Enclosure II.

Letter dated 18th January 1923 from Messrs Bennett Coleman and Co Ld., t Messrs Joh D l se nd C Bombay

Regarding Hooghly special blue black ink, this has been tried on our weekly supplement. It is good but it is not as good in appearance or as suitable as the ink which we are t present using. W re sorry therefore that we cannot make change

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Enclosure III

Letter dated 10th April 1923, from Messr Be tt Col ma nd Co Ld. t M ssrs. Joh Dickinso nd C Ld Bombay

W are sorry to again have to complain of the blue black ink from Hooghly Ink Compa y for our illustrated eekly The last supply contained practically no blu t ll, as you ill see by the nclosed sheet; it also does not ppea to be as bright in colour as we req ire and as we have previously received Will you please ask them t pa particular ttention to the order now in hand to see that the requisite shade of blue is reached and that the ink is clean nd of good colour? W enclose sample sheet to show the present stock.

Enclosure IV

Copy f letter dated 22nd J 1923, from Messrs Joh Dickinson and Co Ld. Bombay

W are in receipt of your letter dated the 21st instant with reference to daily and weekly ink and are taking the matte up with the Hooghly Ink Company

The order for the daily has already been stopped but we are not quite sure whether the Hooghly Ink Company is going ahead with further supply of the weekly

W would, however remind you that it will take three months to deliver the ink owing to the time required to obtain the goods by steamer

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Enclosure V

Copy of letter dated 11th September 1923 from Messrs. Be nett Coleman and Co Ld., Bombay, t Messrs. Joh Dickinso nd Co Ld Bombay

With reference to communications regarding ink, I am sending herewith few sheets printed yesterday nd you will notice that even now the ink is not dry It has set off very badly in several places which gives the paper an extremely bad ppearance I have received your letter regarding samples of the ink and will send these to you Do please impress on Hooghly

people the vital importance of this ink being always the same in quality, drying power, colour and everything It is hopeless attempting to produce a good looking paper with such inferior ink

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Enclosure VI

Copy of a letter, dated the 2nd October 1923, from Messrs John Dickinson and Co , Ld , Bombay

We have now heard from the Hooghly Ink Company with reference to your complaint on the quality of the ink supplied

They say that the ink, taken from the tins which was on the machine is full of skin, which is due entirely to carelessness when removing it from the tins The unopened tin is in perfect condition, and it will be quite easy to take out the whole of the ink without getting any skin mixed with it

The printed sheets which you sent, they admit, have set off a lot, which was put down to the temperature becoming cooler at the period this particular sheet was printed and the ink being on the stiff side

They ask you, if this occurs again to soften the ink a little with boiled or raw linseed oil, about 4 oz into 10 lbs of ink This they say, will probably remove all the set off

We shall be glad if you will give this matter your careful consideration and let us know if there is anything further you wish said to the Hooghly Ink Company

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APPENDIX A

Letter, dated 20th August 1923 from the Secretary, Tariff Board to the Hooghly Ink Company

I am directed to enclose a copy of a letter dated the 18th August, with its enclosure from the "Times of India" Bombay criticising adversely the quality of the printer's ink supplied by you to the firm

I am to say that the Board would be glad to receive from you any comments on this latter which you may wish to make It would assist the Board if they could receive your reply early, as they will leave for Bombay on September 6th and a representative of the "Times of India" will probably be examined orally on September 10th

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APPENDIX B

Letter dated 1st September 1923 from the Hooghly Ink Company containing their views on the representation of the "Times of India"

I thank you for your No 778 of the 30th ultimo enclosing letter from the 'Times of India,' Bombay

They express the opinion that higher grades of coloured and black inks cannot be manufactured in India owing to the necessity for uniformity which is only possible under expert supervision My reply to this is that the 'Times' have never used any of our better quality inks that we employ two Experts whereas few of even the largest Ink Making firms at Home employ more than one

The Times condemn apparently all the inks we have supplied as unsatisfactory

Daily News Ink —We supplied the amounts as per list herewith without complaint and orders were cancelled only February 1923, because they were overstocked.

Our price of per lb was no higher than similar ink from Home would have cost them at that date

Whilst these stocks were being consumed prices dropped.

The Times received more favourable quotation from Home than that at which we had been supplying and placed their orders without asking us for our then current rate which would have been no higher than the Home rate. It is hard to conceive that 13 tons of this ink was used if it was as inferior in quality as their letter implies

They are at present buying from one of our Associated Companies, Messrs. B. Winstone and Sons, at the price they state, viz., 6½d. per lb. We have received the formula and sample of the ink from Messrs. Winstones and can guarantee to supply ink exactly the same at a slightly lower price. We have given this guarantee to Mr Smith, Director of the Times, whom the writer saw in Calcutta on Wednesday last, and he has placed an order with us for this ink.

Illustrated Ink —From May 1922, to January 1923 we supplied some 4,000 lbs. of this ink at Rs 1-3 per lb. less 12½ per cent. which was specially made for the paper the Times were then using, and we had no complaints about this.

At the beginning of February 1923 the Times changed the quality of the paper and the ink we had been supplying admittedly gave them a certain amount of trouble as it was not suited to the new paper. We made various sample lots for them and one of these was approved the price being Rs 1-8 per lb.

In September 1923, they ordered one ton of this and we have received no complaints against it

It is grossly unfair to compare the ink at 1s. per lb supplied by Messrs. Winstone against this. Here again we are in possession of the formula and sample of the ink and are quite ready to supply the Times at more than the English price in fact we have an order in hand for them at the moment.

The English ink apparently suits their requirements but it does not compare with ours at Rs. 1-8 less 12½ per cent. either in quality or colour in fact the latter ink except that it is not so blue in tone much more nearly matches an ink which Messrs. Winstone are now supplying them at 2s. per lb. Mr Smith has given us a trial order for this ink too.

We do not propose to deal in detail with all the various letters from which they quote extracts as we could not deal with them adequately without referring to other correspondence. But we enclose a copy of our letter to our Agents with reference to their letter of April 10th, 1923. From this you will see that we did not agree with the statements made in their letter

In conclusion we consider that the Times have taken up an attitude which is not warranted by facts or their own purchases from us.

Had we been of the opinion that we could not manufacture satisfactorily in India we should long ago have given up and instead have imported manufactured inks from our Home companies.

We have supplied Government Departments for over ten years without complaint and we think that the fact that we are supplying two-fifths of the requirements of the whole of India is sufficient proof that inks can be made here in every way equal to the Home article

Copy of a letter from the Hooghly Ink Company, Limited, Calcutta, No 358, dated the 16th April 1923, to Messrs John Dickinson and Company, Limited, Bombay

Your letter of 11th instant regarding the above to hand, needless to say we deeply regret a further complaint from this customer as very special care is always taken with these orders After going thoroughly into all details we are at a loss to understand how any variations could possibly take place

We have tested samples taken from the first supply sent in January from the second sent in March which we assume is the supply complained of and from the present batch now on the mills and every test shews the amount of blue in each to be equal, we enclose 3 rubbings so that you may see for yourselves from a rough sight test that the tone of each is the same For your own particular information we are absolutely certain that the same amount of blue is in each lot If you hold these rubbings to the light you will see the blueness of tone more readily

When Mr Richardson was in Bombay a fortnight ago he reported the "Times" quite satisfied with this ink You will appreciate how difficult it is to handle a complaint of this nature when we have the fact of our tests proving the proportion of blue to be equal in each lot and in view of this and as the present order is practically completed we propose to make no change Afterwards should they still consider it not sufficiently blue we will increase the proportion but of course this will increase the price

We must leave you to handle this matter in your most diplomatic manner, but we give our definite assurance that nothing has been altered in any way The present order is having the most careful attention and will be in every way equal to the supply approved by the "Times"

THE "TIMES OF INDIA."

D.—ORAL.

Evidence of Mr H. W SMITH, Director and Business Manager recorded at Bombay on the 10th September 1924.

Presid t—W are very much indebted to you for coming here to-day on behalf of the Times of India. There are just two or three points which it might be desirable to clear p. I the letter that you sent to us on the 18th of A gust you mentioned that the printer' ink supplied to you by the Hooghly Ink Company had been found unsatisf ctory and that you had to discontinue taking your supplies from them W sent copy of your letter to the Hooghly Ink Company for y observations they wished to make bout t, nd they have sent us reply i hich they raise certain points I the first place they say that between August 1920 and February 1923 they supplied you ith over 13 tons of the ordinary daily news ink. They have given list of the orders placed ith them, nd what they say is that, during that period, they never received ny compla t as to the quality of the news ak.

M Smith—I do not remember what happened in the period covered i the letter they sent to you.

Presid t—I will read to you exactly hat they say W supplied th mounts as per list hereu th without complaint nd orders were cancelled only in February 1923, because they were overstocked. That is the statement they make. Do you remember whether during this period of nearly 2½ years, any complai t was mad to the Hooghly Ink Company as t the quality of the news ink?

M Smith.—I cannot remember th dates of course. There were several *cases of complaint I cannot say that the ink was never entirely unsatisfactory* one consignment as quit good while the next lot was not as good.

President—The correspondence you have sent us seems to refer entirely to the illustration ink. The letters you have put in re not connected with the news ink, are they?

M Smith—The new ink rubbed off It would not dry I do not say that all consignments were like that, but there w re complai ts occasionally

Presid t—But still, they have definitely informed us that no complaints were made to them as regards the new ak.

M Smith—I ca not remember I have nothing by me t present.

President—You have gi en another reason for changing your source of supply at the beginning of 1923, namely that the price of the imported ink was good deal lower than the price of the ak supplied by the Hooghly Ink Company Their answer that t the time when the order was given t 7 annas lb the price was not higher than similar ink would have cost t the date of thi order but that by February 1923 the prices had fallen, and it i quite correct that the price of imported ink was 5½d. What they say about that is that they ere never given chance of quoting t that stage. They sa that had they been given chance to quote, they would have been prepared to quote lower price.

M Smith.—One would hardly ask other people to quote if orders were already given for imported ink of the quality required.

President—The point is this, their case is that they never received any complaints and the orders were placed elsewhere without their being given an opportunity to quote. In substance their case is this, if the quality was unsatisfactory we should have received complaints and if our price was unsatisfactory *the natural remedy was to ask us to quote.*

Mr Smith—The prices we gave were merely for comparison I certainly did not ask them to quote

President—But the point is that at the time you were deciding where you were going to place your order—I do not know your procedure—but the ordinary procedure would be to ascertain as far as possible what the prices were in both places

Mr Smith—It was not so much a question of the price of ink It was a question whether the ink was satisfactory Our procedure is to ask a firm to supply us with samples of 400 lbs sufficient for our machine If the ink is perfectly satisfactory, then we place the order If the ink is unsatisfactory, it is no good asking them to quote

President—I cannot carry the matter beyond this Their case is that no complaint was ever made to them

Mr Smith—I have not got copies of every letter written

President—After all, they point out that 13 tons is a considerable quantity supplied over a period of 2½ years

Mr Smith—Another possibility is that my complaints were made to their agents in Bombay I do not know whether they forwarded them or not

President—Who are their agents in Bombay?

Mr Smith—John Dickinson & Co In some cases the complaints were made verbally to the manager I should like to say that I saw Mr Richardson the other day at Calcutta and he tells me that the ink that I am using now is made by one of his Home firms and they have sent him their formula which is different from the formula which he was using for us some years ago, and that he can make the same kind at a price slightly higher than in 1914 and he would send me a sample for trial

President—You have given them a trial order?

Mr Smith—I have promised to try the ink

President—As regards illustration ink were any complaints made before February 1923 as regards the quality of the ink? I had better take January 1923—the earliest letter you have given is dated January 1923

Mr Smith—I did not want to labour the point I gave copies of some letters but not all

President—We are not concerned in any way where you choose to purchase your ink but the point is that you have rather indicated in your letter that it is difficult, if not impossible to produce printer's ink of a satisfactory quality in India It is that point in which we are interested and all my questions are conceived from that point of view It is not a conclusion at which one can hastily arrive You do not remember whether any complaint was made before that?

Mr Smith—More or less complaints were made during the whole time we were using their ink, that is my recollection But the point is that some of the consignments were perfectly all right and the next lot gave trouble

President—They say "From May 1922 to January 1923 we supplied some 4,800 lbs of this ink at Rs 1-3 per lb less 12½ per cent which was specially made for the paper the 'Times' were then using and we had no complaints about this At the beginning of February 1923 the 'Times' changed the quality of the paper and the ink we had been supplying admittedly gave them a certain amount of trouble as it was not suited to the new paper" The difficulty at that time, they contend, was due to a change in the quality of the paper used

Mr Smith—My recollection is that I gave Mr Richardson a sheet of the actual paper we were going to use

President—At any rate there was a change of paper at that time and the ink they had been supplying was not found suitable to the new paper

Mr Smith—Quite so I never expected it would be

President.—I understand that they [illegible] sendi g you [illegible] sample of the ink of the same quality as you have been obtai ing from England i this kind also?

M Smith.—Quite so.

President.—On the same terms—that if t gives satisfaction you will order it or you would turn t down f t does not uit you?

M Smith.—Yes

President.—They rather complai of your comparing the price of the illustration ink as you have done in your letter—comparing the price of the ink they supplied t Rs 1-8 lb [illegible] / price of ink ou re getting from England

M Sm th.—Why?

President.—They sa The English k does not compare with ours t Rs 1-8 less 12½ per cent either in quality or colour In fact the latter ink except that t is not so blue in tone much more nearly matches ink which Messrs Winstone are now supplying them t 2s. lb.

M Sm th.—The k I m buying at 1 lb perfectly satisfactory for my purpose Why should I pay more?

Presid t.—That is not the poi t. The poi t they are making is that for quality and colour similar to what you have been buying from Winstone t I they would not dream of charging price as high as Rs. 1-8

M Sm th.—My point as really that, if I could get ink which would serve my purposes t that price it ould not pay me to buy an ink at higher price

President.—Admittedly From the point of iew of the Board the impression our letter ould con ey is that t costs India to make similar quality of k bout 60 per cent. more than t does England.

M Smith.—I never intended that

President.—That would damage or might damage, the case for the relief which the Hooghly Ink Company are asking for

M Smith.—I understand that.

President.—It is I ye quit possible that the more highly priced article may not be as satisfactory for your purposes as the lower priced article. Therefore t is of some little importance that one should not interpret it to make comparison of price in that ay

M Smith.—It is quite true.

President.—I take t that the position of the Times of India is that they are perfectly illing to use an article produced India, provided the quality is equal and they have not got to pay too much. If the quality is good you would use it?

M Smith.—Yes.

President.—Then there is another aspect of the case on which w would like to get your views. The Hooghly Ink Company poi t out that the duty on imported printing ink is 2½ per cent., hereas the duty on thei raw materials is 15 per cent. nd that this handicap should be removed. On the other hand if that is not possible, the duty may be levelled up, that is to say, if they have to pay 15 per cent. on their raw materials, the duty on the imported ink should be 15 per cent also That is an alternative we may have to consider I do not know yet that t has been definitely put before us, but we should like to get all the facts we can. The total quantity of printers' ink imported into Indi is not very large one in year but I should imagine that the Times of India must probably be as large consumer of printers' ink as nybody else?

M Smith.—Roughly so. W use about 15 tons of news ink, roughly 15 tons of illustration ink for all purposes, and about 12 tons of job ink of 61 different kinds, ranging in price from 1s. 6d. to 8s. 6d. per lb.

President —That is about 42 tons?

Mr Smith —Yes, approximately

President —At the present price what would be the approximate value?

Mr Smith —Approximately Rs 94,000

President —If we assume that the price is raised by the existing 2½ per cent duty, it would presumably cost you duty-free about Rs 92,000?

Mr Smith —Yes

President —If the duty were raised to 15 per cent, it might cost you another 12,000 to 13,000 rupees?

Mr Smith —Yes

President —That is to say, the difference to the "Times of India" might be as much as 12,000 rupees a year?

Mr Smith —Yes, that would be a charge which we could not recover

President —Can you give me figures for comparison of approximately what your paper costs you?

Mr Smith —£65,000

President —That is nearly Rs 10,00,000?

Mr Smith —Yes

President —So that the point really is this that an increase in the duty on paper would hit you a great deal more than an increase in the duty on *printer's ink*?

Mr Smith —Yes

President —It has struck us curious that, while the duty on printer's ink is 2½ per cent, the duty on paper is 15 per cent If the object in view is, as I suppose it must be, that there should not be a tax on intellectual development, it is obvious that they should leave the paper alone

Mr Smith —Yes The paper question will come up later

President —I wanted the figures only as a sort of cross reference about ink Then you say that "The higher grades of coloured and black for the very best work could not be *manufactured in India* owing to the necessity for uniformity which is only possible under constant expert supervision" What the Hooghly Ink Company say is "My reply to this is that the 'Times' have never used any of our better quality inks, that we employ two 'Experts' whereas few of even the largest Ink Making Company at Home employ more than one"

Mr Smith —I tried their scarlet coloured ink on our Illustrated Weekly cover The result was that the colour rubbed off Of course it is only the ink that we have actually tried that I am speaking of, but some of the inks of course which are very expensive must be very good to suit our purposes

President —Well they say they are able to make any kind of ink and certainly with the expert knowledge of the big English firms behind them, I think they are well situated in that respect Why the results are not so good it is for you to say

Mr Smith —My point is that I would rather take no risks

Mr Ginwala —What is the exact nature of the trouble? In what respect is the Indian ink defective from your point of view?

Mr Smith —Partly it would not dry sufficiently quickly, and it rubbed off on people's hands and clothes That is the main trouble with both their inks

Mr Ginwala —Is it possible that this may be due to your distributing your printed matter too soon after it is printed?

Mr Smith —The ink is supposed to be made for a very fast running printing press which produces 24,000 copies an hour and the ink should be suitable for that purpose

M Gi wala—Did they know that and the paper on hich it was used?

M Smith—They knew the paper and had sample of it. I don't want to rub in these complaints upon the Hooghly Ink Company

M Ginwala.—What are really wanting to know is the nature of the difficulty that arises in the manufacture of printer ink in this country That is the point w have to consider In your opinion is it chiefly due to ant of expert supervision that this difficulty arises?

M Smith.—Supervision is very essential in ink making It is the question of grinding

M Gi wala.—What accelerates the drying up of the ink?

M Smith.—I am afraid I do not know

M Gi wala—It is the chemical process is it not that is partly fault?

M Sm th—Yes, or the nature of the ingredients.

M Ginwala.—But of course they claim that they use practically the same ingredients as they do at Home.

M Sm th—Yes.

M G wala—I th t case it is just possible that it is some defect in the general supervision of the manufacture

M Smith—Possibly

M Ginwala.—But you found that the ink was as often satisfactory as not?

M Smith.—At times it as perfectly all right, then one lot ould come over hich as not satisfactory

M Ginwala—It as in that same respect that t as not satisfactory?

M Smith—As far as I know yes. There as one trouble that the skin on the top of the ink got in the machine There is film which forms itself inside the tin that has got to be lifted and I complained of the skin getting into the ink and Mr Iucbanlwo reply as that it as due to carelessness on the part of my men in handling the ink so hat   did not get any further

M Ginwala.—Did you find that the ink deteriorated if kept in stock?

M Smith—Not more so than any other ink. All ink does unless kept absolutely air-tight. If it is exposed to the air it will not keep t all t will harden.

M Kale—Do you think it is an advantage to have ink factories in India, so far as you are concerned, so that the supply should be local and you could always rely upon being supplied with ink?

M Smith.—It ould be certain advantage provided everything else were equal.

M Kale—Other things being equal, the locally manufactured ink would be better for you for you can get it whenever you ant it?

M Smith.—But not supplies from Calcutt ; it is almost as bad as getting it from Home.

M Kale—Provided they guarantee to supply you from Bombay do you think it is as difficult to get your supplies from Calcutta as from England?

M Smith—It does not take as long

M Kale.—It ought to take, I think not more than 4 days?

M Smith.—4 or 5 weeks. It comes by goods train. There is also handicap in freight of *approximately half an anna per pound.*

M Kale—What is the corresponding freight from England?

M Smith.—45 shillings per ton.

M Kale—How does it compare?

M Smith.—Roughly difference of farthing.

President—Is the freight from Calcutta higher than the freight from London?

Mr Smith—Yes

President—As far as one can see, if a new ink factory were to be established in India, it should be established in Bombay That is the natural place where another one ought to be established

Mr Kale—Do you think that there are any climatic disadvantages in India that would interfere with the quality of the ink manufactured?

Mr Smith—I cannot say, I have no experience of ink manufacture

Mr Kale—But from your experience of the consumption of ink and storing of ink?

Mr Smith—I know of none there would be no difficulty I think

Mr Kale—The Hooghly Ink Company say that they will be able to supply you with ink at a slightly lower price than you have to pay for imported ink

Mr Smith—I am very pleased to hear it

Mr Kale—In their reply they say We have received the formula and a sample of the ink from Messrs Winstone s, and can guarantee to supply an ink exactly the same at a slightly lower price

Mr Smith—Mr Richardson quoted 6 as 6 pies at Bombay The price I am now paying is £58 a ton—a slightly lower English price

Mr Kale—That is probably due to the exchange?

Mr Smith—No, that is based on 1s 4d

Mr Kale—Am I to understand that the suitability of an ink depends not only on the quality of the ink but also on the paper on which the ink is used?

Mr Smith—It is for the printer to indicate which kind of paper he is using when ordering ink

Mr Kale—The reason why I am putting this question is that my impression is that Mr Richardson told us that the quality of the ink that was supplied to you was very good, but that you used a paper for which that ink was not suitable, and therefore it was not his fault

Mr Smith—That is covered I have mentioned just now that when we changed the paper we also sent him a sample of the paper which we were going to use We also asked him to send a sample of the ink which would be suitable for the paper, which he did

Mr Kale—That factor has always got to be taken into account?

Mr Smith—Yes, always

Witness No. 4.

Messrs. EWING AND COMPANY LIMITED and THACKER SPINK AND COMPANY

Representation, dated 24th October 1924.

With reference to the claim for protection put forward by the Hooghly Ink Company Limited, of Calcutta, we the undersigned desire to enter our protest against any such claim being admitted and put forth the following reasons in support thereof :—

1. The whole of the Printing Trade in India as well as the numerous small Indian agents of English ink manufacturers will be penalised merely to enhance the profit of an ink-making concern that is entirely British owned and managed and who employ only about 80 workmen.
2. At the present time English manufacturers cannot compete with the Hooghly Ink Company prices, so therefore it is not the English manufacturers price that they require protection against.
3. The duty of 15 per cent. would necessitate the English manufacturer increasing his price to the Indian consumer and as the majority of the printers in India, including the Government Survey Offices, prefer British manufactured ink, although it costs more, this would merely tend to harm the Printing Trade without in any way benefiting the Hooghly Ink Company except that it would give them the opportunity of increasing the prices of their inks.
4. With the exception of a few inks, the Hooghly Ink Company merely manufacture cheap grade inks, and as they enjoy the monopoly of this trade as no outside manufacturers can touch them in price their interests are well enough protected.
5. Valuable books on law, education, etc. as well as records and references are all printed with English inks. If these inks are ousted from the market, good and lasting printing will not be possible.
6. By increasing the duty on imported inks the Government will directly increase the cost of education as it is fine quality ink such as the British manufacturer makes that is used for printing school books.
7. The profits of this Indian concern are not spent in India, but are divided among the owners of the British Companies in England. These are the main points we desire to bring before your Board when they are considering the claim of the Hooghly Ink Company but in conclusion we would emphasise that if this Company is not getting as much trade as it can handle it is entirely because they cannot reach the standard of the inks manufactured in England.

We have pointed out that it cannot be the English manufacturers' prices they want protection against as the English manufacturers cannot sell at the prices the Hooghly Ink Company can.

In our opinion it is perfectly clear that the Hooghly Ink Company merely want an increased duty of 15 per cent so that the English manufacturers will have to increase their prices, and thus enable the Hooghly Ink Company to increase theirs, and if possible make the English manufacturers' product so expensive that the Indian consumers will be compelled to sacrifice quality

and take the Indian manufactured stuff The Hooghly Ink Company are out for the entire ousting of the imported articles, and the creation of a monopoly for all classes of ink (which in many cases they have been unable to successfully manufacture, we understand) and we can hardly believe that Government desires to create monopolies in India, especially at a time when trade depression is causing so much economic interest and unemployment is rife in all trades

MESSRS. THACKER, SPINK & CO., LD., AND MESSRS. EWING & CO., LD.

B.—ORAL.

Evidence of Mr C. F HOOPER and Mr C. G. DUNCAN of Messrs. Thacker Spink & Co., Ld., recorded at Calcutta on Tuesday the 9th December 1924.

President —This is the joint representation of Messrs. Ewing and Company and Messrs. Thacker Spink and Company is it not?

M Hooper —Yes.

President —W have heard the gloomiest apprehension of the result which might follow if the duty on the printer's ink were raised to the ordinary revenue level of 15 per cent. In the case of printing establishment such as Thacker Spink what proportion does the cost of ink bear to the cost of their Directory for instance?

M Hooper —It is rather big question to take up.

President.—I will tell you what we got from the Times of India. They looked up the figures for us. In the whole of their printing work, their paper costs about Rs. 10 lakhs and their ink just under lakh.

M Duncan —That is roughly about one-tenth.

President —Then, Messrs. John Kidd & Sons gave the cost of ink as being 8 per cent. of the whole cost of printing Supposing we raise this 8 per cent. by 10 per cent. the percentage would only go up to 8·8 and the cost of printing would not be materially altered.

M Hooper —Not in the particular instance.

President —The whole point is this. Do you admit that in the cost of printing and publication of books generally and newspapers the paper is ten times as important as the ink?

M Hooper —Yes.

President —If so one does not see that any very grievous blow to the prosperity of the Printing industry would be truck, if the duty on printer ink were raised to the ordinary level. The present duty of 2½ per cent. is concession. Presumably it must have been given on the ground of not putting tax upon knowledge but it is very difficult to see why it was considered so important.

M Duncan —Probably because the quality of the inks required by the Printing trade as not forthcoming in India.

M Ghuznavi —Do you think that the Finance Department goes into such questions?

M Duncan —2½ per cent. used to be the general thing for all printing materials ink included.

M Hooper —It was probably left out because it was never suggested by anybody that it should pay more.

President —The value of the total imported ink in 1923-24 was Rs. 5 lakhs. If you put another 12 per cent. on that, it is only Rs. 60,000 If you divide that up amongst the various printing establishments it won't come to much.

M Hooper —I don't think that it is quite the point

President —It is very much the point.

Mr Hooper—It is a question of one particular firm or two firms that are asking for Protection for goods which they make They say "protect what we make" but we say we are going to be penalised

President—That is not primarily the case It is put on a wrong basis

Mr Duncan—I understand that the total sales of the Hooghly Ink Company were within the region of Rs 5 lakhs

President—Have you verified that?

Mr Duncan—No, but I understand that they have made a statement of that kind

President—Their actual value was just under Rs 3 lakhs

Mr Duncan—Which year was that?

President—It was Rs 3 lakhs in 1922 23 It is no use attempting to give us a statement of that kind But the practical point is this What I am putting to you is that I don't think that the apprehensions expressed in this representation are justifiable You say "If these inks are ousted from the market, good and lasting printing will not be possible" It is surely absurd to suggest that if the duty on printing ink is raised to 15 per cent, good and lasting ink will be ousted from the market

Mr Duncan—Naturally, because you will have to take the ink which will be cheaper to use

President—I don't think so for one moment for the reason I have already pointed out—that the cost of your ink is such a small proportion of the total cost It seems to me that it is overstating the case altogether I quite understand that the firms which use imported ink do not want to see the duty put up, and naturally they would bring forward every reason they could think of I am not complaining at all

Mr Hooper—We are also agents for inks for Messrs Mander Bros, Wolverhampton

President—I think it is a great pity that objections are overstated The world is not coming to an end even if the duty is raised to 15 per cent

Mr Duncan—If the duty is raised to 15 per cent who is going to be benefited?

President—I am afraid that at this stage questions cannot be addressed by witnesses to the Members of the Board

After all it comes to this Mr Richardson when he gave evidence before us on behalf of his Company admitted that it could not be said that there were any particular natural advantages for the production of printer's ink in India except cheap labour Apparently the low rate of wages in India does mean a real reduction in cost because owing to the nature of the process of manufacture you don't have the multiplication of hands which in other Indian industries often cancels out the lower wages

Mr Hooper—You don't want any particular skill in this industry

President—It is admitted that in respect of raw materials there is no natural advantage If so it is hardly a case to be considered as one for Protection Let me put it this way Is it not reasonable that a firm—it does not matter whether it is this firm or another—which is manufacturing printer's ink in India is entitled to such tariff treatment that it will be no worse off than it would be if there were no Customs duties at all Supposing there was no Customs tariff they would pay nothing on their raw materials and the imported ink would come in free Supposing the effect of the tariff is to raise the cost of materials by a certain amount do you think there is anything unreasonable in the proposal that the duty on the imported ink should be increased up to the point where it would counterbalance the extra expenditure they have to incur owing to the cost of their raw material? I do not want you to commit yourself in any way to any particular figure but supposing the Board came to the conclusion that it was reasonable that firms manufacturing ink in India should be as favourably situated in this matter as if there were no Customs duties at all would you think it unreasonable?

r

M Hooper—I don't think that is an unreasonable proposition.

President—Well that is one aspect of the case.

M Hooper—*May I ask you what the duties on raw materials are?*

M Ghaswala.—It is immaterial what the duties are actually so long as the incidence of the duty on raw materials is higher than the duty on the imported finished article. I t fair to local industry that the foreign competing article should obtain Protection against the locally manufactured article that is hat it comes to?

M Hooper—If I may be allowed to give an opinion, it is pretty hard to sell English printing ink as it is now that is the grades of printing ink we use, the price of which ranges from anything between Rs. 7-8-0 to Rs. 10 while Richardson ink is another grade altogether. It therefore resolves itself to the same point as Paper

President.—*But there is this difference here that the proposal in the case* of Paper is to increase the duty to point substantially higher than the ordinary revenue duty In this case all that is proposed is to raise the duty to what *is the ordinary revenue level at the most.*

M Hooper—But the ordinary revenue level is 15 per cent.

President—Their claim is either cut off the duties on our raw materials or make it 15 per cent. What I put to you is slightly different. It is merely this—to raise the duty on imported ink to the point where it counterbalances the extra expenditure the Indian manufacturer has to incur on his raw materials. It may be good deal less than 15 per cent.

M Ghaswala.—I will give you concrete instance. Take the import price of the finished ink at, say Rs. 200 ton. Supposing ink is manufactured here the cost of the imported raw materials come to Rs. 100. Now there is the 2½ per cent duty and on Rs. 200 it comes to Rs. 5 For man manufacturing ink here raw materials cost Rs. 100 and he pays Rs. 15 duty on that and he is therefore at disadvantage of Rs. 10. What he wants is that Rs. 10 should be added to the duty that is actually paid on the finished article.

M Hooper—I quite follow you. But my own opinion *is* this that you cannot take one thing like printer ink and make special rules for that In my opinion it would be better to have general principle throughout in the Customs duties of the country rather than take one little thing like printing ink and make that an exception.

President—Do you see hat the logical conclusion is? W should have to mak the duty on printing ink 15 per cent.

M Hooper—My idea was to do away with the duty on raw materials.

M Ghaswala.—That is what they say in their application. It has been pointed out that it is hardship to the local manufacturer that he has got to pay higher duty on raw materials than what the finished article pays. You will admit that that is an anomaly which ought not to be allowed to continue?

M Hooper—It is certainly an anomaly but it is not any greater anomaly than charging duty on raw material at all.

M Ghaswala.—That is bigger proposition altogether W are just now discussing the point, namely that hen raw materials are used in an article which is manufactured in this country and have got to compete against foreign article hich pays smaller amount of duty in proportion to its value, what are we going to do, that is the point. They say "If you cannot remove the duty on the raw materials, raise the duty on imported ink. W are considering what can be done.

President.—In paragraph 4 you say The Hooghly Ink Company merely manufacture cheap grade inks, and as they enjoy the monopoly of this trade as no outside manufacturers can touch them in price their interests are well enough protected. I don't think that statement is justified.

M Duncan—At the present time, even with the duty they pay on their raw material as compared with 2½ per cent. on the finished imported article, they sell their inks cheaper and yet make considerable profit.

Mr Ginwala—Supposing that was so, taking your business as printers and publishers, can you allow your foreign competitors to be placed in a better position than yourselves, even if you made better profits? Suppose it was a question of a tax being put on anything that you used as raw material?

Mr Duncan—You cannot compare the two cases, one is the seller of ink and the other is the user of ink

Mr Ginwala—Supposing bigger profits are made in the country, why should not they remain in, rather than go out of, the country?

Mr Duncan—Provided they can produce the qualities that are required in India

President—You say 'The majority of the printers in India, including the Government Survey offices, prefer British manufactured ink, although it costs more " Do you consider that the ink the Hooghly Ink Company produces is not up to sample?

Mr Duncan—We don't use it

President—Then how can you express an opinion about the quality of the ink?

Mr Duncan—That is an opinion expressed not by Thacker, Spinks as printers and publishers but as agents to Mander Brothers' ink and by Ewing & Company as agents for Shackell Edwards' inks, and we know from experience and from what we have learnt that the Government of India Survey office import their inks from England The natural inference is that if they could get similar ink from the Hooghly Ink Company they would use it

President—But printing maps and so on is rather a special case

Mr Duncan—It is not a special case We print maps in our place and we use imported ink

President—But Messrs Thacker, Spink & Company have not even tried the locally manufactured ink

Mr Duncan—We used it, as far as I can remember, but in the war

President—Did you find it satisfactory?

Mr Duncan—I am afraid I don t quite remember and I cannot give any definite opinion

President—So far as the opinion expressed in this letter is concerned, I cannot attach very great importance to it if it is not based on actual experience

Mr Kale—How do the prices of the two inks compare?

Mr Duncan—Take the lowest grade of Mander s ink We sell it at Re 1, which quality the Hooghly sells at 11 annas

Mr Kale—Is the difference due to the quality or competition?

Mr Duncan—It may be due to certain amount of competition, but it would not make such a big difference as 5 annas

Mr Kale—How do you account for it?

Mr Duncan—We cannot account for it

Mr Kale—Unless there was a strong prejudice against their ink and they were forced to sell their stuff at a smaller price, they would naturally sell, as far as possible, at a price quite close to the imported ink, is it not so?

Mr Duncan—That prejudice will remain even if there is increased tariff

Mr Kale—That may be so I was trying to find out why the Hooghly Ink Company s product should be sold so cheap, taking the same quality Can you suggest any explanation why it is cheaper than the imported ink?

Mr Duncan—No

President—(To Mr Hooper) I want to draw your attention to the evidence you gave before the Fiscal Commission You say They were not very successful at the outset But now they produce some fine products and cheap news ink It is very good ' A little lower down you say I might add that their coloured inks are good They seem to have overcome the difficulties of manufacture That is a rather more favourable opinion?

Mr. Hooper.—That evidence was supplied to me by the Master Printers Association.

President.—You mean that you were the mouthpiece of that Association?

Mr. Hooper.—Of course you will understand that we had special meeting of the Master Printers Association and I was instructed by various people as to the evidence to be given.

Mr. Kale.—Have you any idea as to the opinion these people hold now about this ink? Do they still consider that the inks are quite good?

Mr. Hooper.—I am not in position to say. I did not know that I was going to be questioned about it.

Mr. Duncan.—I may point out that one remarkable factor about that is that even Indian printers are using English inks in preference to locally made ink even if the price is cheaper. There must be reason for it.

Mr. Kale.—But I think the total quantity of the Hooghly Ink Company's ink used in India is sufficiently large.

Mr. Duncan.—It might be. If they are supplying to the Statesman, for instance that would be heavy amount monthly and therefore that would not be any criterion at all.

Mr. Kale.—Do you mean that their ink would be chiefly used by newspapers?

Mr. Duncan.—I don't think so.

Mr. Kale.—Does the printing of books require special quality which is distinct from what the newspapers use?

Mr. Duncan.—Yes.

President.—For the year 1923 they produced 346,000 lbs. of ink of which the value was Rs. 2,96,000. Well the cost of the import in the Trade Returns is 5 lakhs and if they cost more than the Hooghly Company ink, it is quite possible that the total import is not much more than about 400,000 lbs., in which case they are well up to producing half the total consumption of India. They have the advantage of competing in Calcutta, but in Bombay and Madras they have not got that advantage as their freight will fully counter balance the freight on the imported ink.

Witness No 5

MESSRS CAMA NORTON & CO, BOMBAY

WRITTEN

Written statement, dated the 18th October 1924

With reference to your letter No 839, of the 15th instant, we have the honour to submit our views on the above subject

We take objection to the proposed increase of duty on the imported ink on the following general grounds —

(1) In India, major portion of printing is done with cheap ink on inferior paper If the import duty were raised the selling prices of ink all round would be enhanced and the public would either have to pay more for the inferior ink or make use of still cheaper inks, neither of which would be conducive to the advancement of education, culture, religion and trade

(2) The consumption of printing ink is limited, as it is used for the purposes of printing only, whereas paper is required in huge quantities by the country on account of the diverse uses to which it can be put Unlike the paper industry, therefore, the manufacture of ink cannot be developed to such an extent as would be the means of employment for an appreciable number of workmen and investment of large sums of capital Moreover, as major portion of the raw materials required for the ink industry are imported from foreign countries it is not desirable in the interests of the country to grant this industry the protection, at the expense of the public, by enhancing the import duty on foreign inks

(3) A fair amount of competition is healthy for the trade It would be very detrimental to the interests of the country if facility were afforded to a few private manufacturing concerns for selling their inks in the market at higher rates of profits for themselves by unnecessarily burdening the foreign inks with increased import duty and thereby enhancing the cost of printing

(4) If the import duty on foreign ink is raised the public will have to pay more for the books and other printed matter, without being, in any way, compensated in return, as the extra profits earned by the private concerns would be divided amongst themselves without the public deriving any benefit therefrom

As regards the question of reducing the present import duty on the raw materials we advance the following suggestions for the consideration of the Tariff Board —

(a) By exempting any one industry from the payment of import duty on the raw materials great injustice would be done to the other industries making use of the same raw materials Moreover, such protection would not be conducive to the growth of similar indigenous products so essential for the development and improvement of the resources of the country

(b) From the figures available it is clear that in the case of Messrs Hooghly Ink Company the import duty amounts to about 8¼ per cent of the total cost of the production whereas the item of "other expenditure" amounts to more than 45 per cent Thus the import duty paid on the raw materials cannot be the main cause for the unsatisfactory profits, if the profits earned by the Company can at all be considered as such in view of the present condition of the trade Most of the selling agents for the foreign manufacturers of ink work on a commission of 10 per cent and even less in India and, besides, they have always to keep considerable quantities of ink in stock as it takes a long time for

the goods to reach India from the manufacturers. In the circumstances, it might not be insurmountable difficulty for the Company to effect curtailment of 8 per cent. in the item of "other expenditure."

(c) Owing to the present trade depression most of the industries in India have suffered considerably and the cause of the unsatisfactory profits for the ink manufacturers is transitory and may be attributed more to the slackness in trade than the import duty on the raw materials. The keen competition from Germany affects many other classes of traders and manufacturers in India besides the ink manufacturers, and it would not be fair in principle if one class is afforded protection whilst the others are left to face the competition unaided.

Witness No 6

THE SOCIETY OF BRITISH PRINTING INK MAKERS, LONDON

Written

Letter from the Society of British Printing Ink Makers, London received under cover of a letter from His Majesty's Senior Trade Commissioner in India, Calcutta, dated 8th November 1924, forwarding the Society's written representation

With reference to my previous letter of the 9th of October, I am now instructed by the Board of Trade to forward for the information of the Indian Tariff Board the enclosed written evidence prepared by the Society of British Printing Ink Makers, together with supplementary evidence forwarded by Messrs John Kidd & Co Ltd * who are believed to be the largest exporters of printing inks to India

The Board of Trade will be glad if the Tariff Board would give careful consideration to these representations

Written representation from The Society of British Printing Ink Makers, London, dated the 15th October 1924

With further reference to your letter of the 10th September, I am now instructed to reply on behalf of my Society as follows —

Minority—A minority, consisting of three members of the Society—holding between them the whole of the share Capital and controlling the management of the Petitioning Company—are not in favour of any objection being raised by the Society against the representations made by the Petitioning Company to the Indian Tariff Board

Majority—On the other hand, the overwhelming majority of the Members of my Society are most emphatic in their protest against the proposals contained in the petition and furthermore are against any alteration of the tariffs which would militate against the interests of the Manufacturers of Printing Inks in this Country

Amongst the reasons which may be advanced through you to the Indian Tariff Board we respectfully give the following —

1 *Extent of interest of Society's Members*—It is ascertained from enquiries made that practically all of our members export printing inks to India A member of them show that regular Indian accounts form a considerable proportion of their business Thus, apart from the general question, these members urge that any increase in cost such as would result from an increased tariff would prove not only a further obstacle to business, but also handicap them against competition from other countries

2 *Monopoly*—Quite apart from any suggestion that many of the higher grade printing inks cannot be made economically in India, the Indian printer must necessarily at least for sometime to come import a large proportion of the printing inks required for his business An increased tariff would result in an immediate higher cost to the Indian printers and would not as is admitted by the Petitioning Company in evidence serve to foster the Indian printing ink industry (see page 45 of the evidence)

3 *Increase unemployment*—It is felt that any tariff increase by checking business would directly result in lessening employment in the British factories Our Members doing an export business with India have in some

* This letter has been printed separately as Statement No IX of Messrs John Kidd & Company

cases created special staffs for dealing with the particular requirements of the Indian market.

4. *Effect of any change*.—The Members of my Society are of opinion that any benefit arising from the proposed change would accrue only to the Petitioning Company whose capital is held outside India. On the other hand the British printing ink makers and Indian printers generally would be detrimentally affected by the change, the latter because the tendency would be for the ink manufactured in India to rise in price to the margin allowed by the tariff.

5. *Finally*.—Full and complete proof of these summarised statements is available. The reasons are so weighty that they compel my Society to enter a most vigorous protest against the suggested change of conditions.

Witness No 7

Messrs SLATER AND PALMER, LONDON

WRITTEN

Representation, dated the 25th September 1924

As makers of printing inks for which we have a considerable sale in India, having been exporting them for the past 50 years or more, and in respect of which we are at some expense for our English travelling representative in India, also for a number of Resident Agents in the principal centres of trade, such as Bombay, Calcutta, Colombo, Karachi, Lahore, Madras, Rangoon, we desire to lodge our objection to the suggested protective tariff upon manufactured printing inks into India, as we consider it would be detrimental to the interest of printers throughout India tending to create a monopoly that would in all probability result in the increased cost of ink to them

It appears to us that if imports into India are thus to be checked it will only add to the difficulties of maintaining proper rate of exchange with the Home Country It will also militate against the generally expressed wish that trade within the Empire should be encouraged

We shall be obliged if you will kindly have our views placed before the Tariff Board and for which we thank you in anticipation

Witness No. 8.

COLLECTOR OF CUSTOMS, CALCUTTA.

Replies, dated 6th September 1931, to questionnaire No. II.

With *reference to your letter No. 784, dated the 1st September,* I have the honour to reply as follows to the questions set out in paragraph 9 of the memorandum accompanying your letter.

(1) A rebate is preferable to exemption from Customs duty at the time of importation, as at the time of claiming the rebate the onus lies on the firm in question to prove that the materials have been used in the manufacture of the particular article concerned. The inspection of the manufacturers' premises is likely to be more thorough if it precedes the rebate of duty than if undertaken with a view to ensuring that materials which have already been imported free of duty are being properly used in the process of manufacture.

(2) I am unable to pass any opinion on the Hooghly Ink Company, but speaking generally, I should say that it is not safe in a matter of this kind to rely entirely on the books produced at the time of inspection. It must be realised that the inspection will be carried out by an officer who is probably entirely unacquainted with the process of manufacture and with the proper method of book-keeping.

(3) The only additional safeguard which I can suggest and which I think is absolutely necessary to any system of rebate of duty is the framing of a definite formula by an expert showing the proportion of materials expended in a given output; by this means alone can a non-expert satisfy himself that the materials have been properly expended.

(4) Expert advice of some kind is absolutely essential before any procedure can be framed; *vide* my reply to Question 3.

(5) It would be necessary that some statement should be maintained by the Company showing clearly the materials expended and the output.

(6) I would only advocate the adoption of the rebate procedure if it were certain that the materials used in the manufacture of the ink could not be obtained in the country. It would be necessary to keep an account of the Company's importations and to see that the amount on which the rebate is claimed does not exceed these. If country produce were available as materials, it would not be possible to ensure that the rebate was claimed only on imported articles, unless the process of manufacture was definitely supervised.

(7) Administrative difficulties would not be increased by the extension of the concession to other companies provided they are located in Calcutta. As stated above in my reply to Question 3, I consider that some additional safeguard is necessary beyond an inspection of the books maintained by the Company.

(8) It would be impossible for the Customs Department to undertake the inspections of factories up-country. It is possible that an arrangement could be made whereby some other Government Department might undertake the inspection in these cases.

(9) It would be necessary to identify the materials used in the process of manufacture with definite importations, as rates of duty are liable to change. It is difficult to see how this would be possible in the case of materials purchased in the country. It might be possible to limit the Company's purchases to a definite importer in which case identification would be simplified.

(10) The arrangements for inspecting factories in Calcutta should not be expensive; in the case of other concessions quoted in my reply to the next

question, an inspection fee of Rs 100 a year, intended to cover the travelling expenses of the officer deputed to make the inspection, is levied

(11) Somewhat similar concessions are granted now in the following cases —

(a) Salt to be used for the manufacture of glazed stoneware is issued free of duty from the bonded warehouses after it has been rendered unfit for human consumption by admixture with tar

(b) A rebate of duty paid on salt purchased from the bonded warehouses is granted to manufacturers of soap, alkali, hydrochloric acid and sodium hydrochloride as well as the firms who use salt in the process of curing hides Such factories are inspected at regular periods and the Inspecting Officer satisfies himself that the salt expended has actually been used in the process of such manufacture In each case a definite proportion of salt to finished product has been laid down by the Chemical Examiner

The total amount of salt duty remitted last year under this concession was Rs 1,39,187 Fifteen different firms enjoy the concession and the bulk of the rebate, *viz*, Rs 1,19,685 was paid to one firm the Titaghur Paper Mills

(c) A rebate of duty levied on Benzine under the Motor Spirit Act is granted to firms who use Benzine in the process of extracting oil from oil seeds A similar inspection takes place in this case also

(d) The Indian Cable Company, Limited, are permitted to import electrolytic copper rod free of duty for use in the manufacture of electric wires and cable in their factory at Tatanagar Each separate importation is covered by certificate by the Metallurgical Inspector, Jamshedpur, to the effect that the copper is actually required for the manufacture of cables and that the amount imported is not in excess of the Company's reasonable requirements The Company submit a statement each quarter showing their stock and the quantity consumed in the process of manufacture, and the statement is endorsed by the Metallurgical Inspector, Jamshedpur

The concessions have not been difficult to work and no attempts to use them improperly have been noticed I feel, however, that the Inspecting Officers are in reality very much in the Companies' hands and are not really in a position to ascertain whether the output mentioned in the books is correct, in saying this, I do not suggest that the concessions are being abused but that if a Company did falsify its books, detection would be doubtful For this reason, I am strongly opposed to any extension of the system and if, as it appears probable, the present case is the first of many I should be opposed to it from an administrative point of view I would further point out that in both the cases of salt and benzine the duty returned is levied both on country produce and the imported articles in the case of benzine the imported duty is not returned but only the duty levied under the Motor Spirits Act

(12) The list of materials is sufficiently definite and detailed for Customs purposes with the exception of the word "etc" at the end of entry (b)

(13) From an administrative point of view it would be infinitely more satisfactory to introduce a system of manufacture in bond The whole process of manufacture would then be controlled by a Customs Officer who would, by virtue of the fact that he was permanently posted to this duty become something in the nature of an expert and would be in a position to see that the materials imported under the bond were actually used for the purpose stated The materials so imported would be kept in a warehouse to which the Company would have access only in his presence The expense to the manufacturing firm would, of course, be considerably greater than

under the rebate system. I Calcutta, if firm wishes to employ the whole-time services of Preventive Officer t their bonded warehouse, they pay fee of Rs. 200 per month. It would probably be possible to arrange that one officer should supervise more than one factory and by this means the xpense could be reduced. It would scarcely be necessary that the officer should be present constantly during working hours, but he should be in position to visit the factory t any moment of the day At the present time imported tea is blended in bond with Indian tea for export the procedure adopted is that sketched here

(14) I understand this suggestion to mean that before the concession is granted to any particula Company the amount of materials likely to be used in the coming yea would be roughly ascertained by an inspection of the Company' books and that the maximum limit would be fixed accordingly record of the Company's importations during the year would be kept at the Custom House (it would be necessary to restrict its importations to one port) and rebate of ine-tenths of the duty paid would be refunded t the end of the year provided it did not exceed the maximum. During the year there would be no inspection and it would be assumed that the Company was continuing to manufacture as in the past.

Provided that the first enquiry were conducted by an expert in the particular process of manufacture accompanied by Chartered Accountant or some only really conversant with book-keeping and that the Company's books were inspected annually by the latter to ensure that the process of manufacture was still being carried on, I am of this opinion that this procedure would be more satisfactory than periodical inspections by Customs Officers, who are admittedly not experts in either line It is possible that an Income-tax Officer who is presumably accustomed to inspect Companies books, would be more suitable for this purpose.

Witness No 9

CONTROLLER OF PRINTING, STATIONERY AND STAMPS

Written

Letter, dated the 26th February 1925

With reference to your letter No 58, dated the 22nd January 1925, I have the honour to reply as follows Until the year 1924-25 purchases of printing ink were made directly by officers in charge of presses and not through my own office I append 3 statements to this letter showing the quantity of printing ink purchased by the Calcutta Press in the years 1921-22, 1922 23 and 1923-24 The quantities shown exclude the quantities required for the Government of India Press, Simla, for some of the minor Government of India Presses and for the Aligarh Press which at that time was subordinate to the Post and Telegraph Department The total amount of ink referred to in the three statements was of Indian manufacture only and no imported ink was purchased during the period either by the Calcutta Press or by any other Government of India Press I am to observe that this statement does not apply to presses of provincial Governments, in their cases it is understood that the practice of using Indian made ink has not been invariable

2 Up to the year 1923-24 the price paid for printing ink manufactured in India was settled in direct communication with the supplying firm with regard to the price at which imported inks could be purchased Owing to the obvious defects in this system of purchase, it was decided to obtain supplies for the current year 1924-25 for all the Government of India Presses by competitive tender, a public call for tenders was issued, and tenders were received for imported and Indian made inks The whole of the contract was placed with the Hooghly Printing Ink Company, the average price quoted by that firm being less for the quality supplied than the prices quoted for imported inks

3 The quality of the ink supplied by the Hooghly Printing Ink Company, which has held the Government of India contracts for a considerable period, has always proved satisfactory In deciding on the current year's contract the tender samples were tested both chemically and practically against inks tendered by importing firms—the tests being undertaken on samples the origin of which was unknown to those responsible for the tests For the quality of ink mainly used in the Government of India Presses, the product of the Company in question proved to be the best ink submitted in the tenders under the practical test, it also passed the chemical test successfully The other qualities submitted also proved satisfactory and compared favourably with samples submitted by some of the leading British manufacturers

4 It should be observed that the ink generally used in the Government of India Presses is of a medium quality containing American Lamp Black it is superior to the ink ordinarily used for newspapers and would correspond to the class of ink mainly used for ordinary publications The amount of high quality ink, *e g* half tone, special coloured, fugitive etc used in the Government of Inda Presses is small the quality supplied by the Company, however has always been good but the amount used has not been sufficient to justify a definite appraisement of its quality I would note, however, that the amount of high quality ink used in India is not great

Enclosure I.

Statement showing the quantity and value of Printers' Inks purchased during the year 1921-22

Name of Inks.	Quantity	Rate.	Amount.	Remarks.
	lbs.	Rs. a.	Rs. a.	
1. Ink Black No. 2	3,500	1 0 0	3,500 0 0	Including 1,100 for Delhi Press
2.	3,500	0 14 0	3,062 8 0	
3. stencil	140	0 9 0	78 12 0	
4. Half tone No. 10043	183	3 12 0	681 4 0	
5. Litho	4	2 8 0	10 0 0	
6. Dry Ivory	6	1 0 0	6 0 0	
7. Blue Bronze No. 10310	9	3 8 0	31 8 0	
8. No. 10023	24	2 4 0	54 0 0	
9. Dry Levant	1		3 0 0	
10. Tint fugitive	1		4 0 0	
11.	1		8 0 0	
12. Brown	5	4 0 0	20 0 0	
13. Special	32	2 8 0	80 0 0	
14. Green Special Light No. 1032.	60	2 4 0	135 0 0	
15. Green fugitive	25	15 0 0	375 0 0	
16. Green litho	1		4 8 0	
17. Dry	1		6 8 0	
18. Red L. Press	110	3 4 0	357 8 0	
19. Special fugitive	10	10 0 0	100 0 0	
20. Tint	1		4 0 0	
21. L. Press	50	15 0 0	750 0 0	
22. Dry	19	4 8 0	81 0 0	
23. Violet 10166	20	4 0 0	80 0 0	
24. Fugitive	1		8 0 0	
25. ?	25	15 0 0	375 0 0	
26. White Flake No. 931	17	2 0 0	34 0 0	
	12	2 8 0	30 0 0	

Enclosure II

Statement showing the quantity and value of Printer's Ink purchased during the year 1922-23

Name of Inks	Quantity	Rate			Amount			Remarks
	lbs	Rs	A.	P	Rs	A	P	
1 Ink Black No 2	4,250	0	14	0	3,718	12	0	
2 „ „ News No 2	750	0	13	0	609	6	0	
3 „ „ Half tone No 10043	292	3	12	0	1,095	0	0	
4 „ „ Litho	10	2	8	0	25	0	0	
5 „ „ Stencil	60	0	9	0	33	12	0	
6 „ four colour	2	3	0	0	6	0	0	
7 „ Blue tinct	10	4	8	0	45	0	0	
8 „ „ Bronze	10	3	8	0	35	0	0	
9 „ „ Azure tricolour	2	5	0	0	10	0	0	
10 „ Brown tinct	10	3	0	0	30	0	0	
11 „ Green	20	3	0	0	60	0	0	
12 special light No 10003	20	2	4	0	45	0	0	
13 „ Green postcard	550	3	0	0	1,650	0	0	
14 „ Red L. Press	130	3	4	0	422	8	0	
15 „ Red Fugitive passport	150	15	0	0	2,250	0	0	
16 „ Red tinct	30	3	0	0	90	0	0	
17 „ tricolour B S	2	6	8	0	13	0	0	
18 „ White flake No 031	12	2	0	0	24	0	0	
19 „ Yellow No 10015	16	2	8	0	40	0	0	
20 „ „ Normal	2	3	0	0	6	0	0	

Enclosure III.

Statement showing th[illegible] quantity [illegible]nd val[illegible] [illegible]f Printer's Ink purchased during th[illegible] year 1923-24.

Name of Inks.	Quantity	Rate.			Amount.			Remarks.
	lbs.	Rs.	A.		Rs.	A.		
1. Ink Black New No. 2	4,400	0	12	0	2,675	0	0	Including Delhi 1,730 lbs. and Trl. Stores 30 lbs.
2. Half tone No. 10043.	350	3	12	0	1,312	8	0	
3. four colour	3	3	0	0	9	0	0	
4. Dry Ivory	3	2	8	0	7	8	0	
5. Blue No. 10023	120	2	4	0	[illegible]70	0	0	
6. L. Press No. 512 (Kidd')	4	3	4	0	13	0	0	
7 Bronze	6	3	4	0	19	8	0	
8. L. Press No. 536 (Kidd').	5	4	8	0	22	8	0	
9. Fugitive	64	15	0	0	960	0	0	
10. Cover Bronze	1				4	8	0	
11. Azure tricolour	2	5	0	0	10	0	0	
12 Chocolate L. Press	20	3	4	0	65	0	0	
13 Brown Special	10	2	8	0	25	0	0	
14.	12	2	4	0	27	0	0	
15. Fugitive	112	15	0	0	1,680	0	0	
16. Green	50	15	0	0	750	0	0	
17 L. Press	75	2	4	0	168	12	0	
18. Cover	4	4	0	0	16	0	0	
19 Magenta Fugitive	31	15	0	0	465	0	0	
20 Ink Red L. Press	410	3	4	0	1,332	8	0	
21. dry	8	4	8	0	36	0	0	
22 tricolour B. S.	2	6	8	0	13	0	0	
23. Violet No. 10165	1	4	0	0	48	0	0	
24. Fugitive	64	15	0	0	960	0	0	
25. White flake	5	2	0	0	10	0	0	
26. Yellow normal	3	3	0	0	9	0	0	
27 Fugitive	64	15	0	0	960	0	0	

GIPC—I—[illegible]—1-5-25—500.

Enclosure III.

Statement showing the quantity and value of Printers' Ink purchased during the year 1933-34

Name of Inks.	Quantity	Rate			Amount.			Remarks.
	lbs.	Rs.	A.	P.	Rs.	A.		
1. Ink Black New No. 2	4,400	0	13	0	3,575	0	0	Including Delhi 1,150 lbs. and Tel. Stores 20 lbs.
2. Half tone No. 10043.	330	3	12	0	1,237	8	0	
3. four colour	3	3	0	0	9	0	0	
4. Dry Ivory	3	2	8	0	7	8	0	
5. Blue No. 10023	120	2	4	0	270	0	0	
6. L. Press No. 812 (Kidd)	4	3	4	0	13	0	0	
7. Bronze	6	3	4	0	19	8	0	
8. L. Press No. 836 (Kidd).	5	4	8	0	22	8	0	
9. Fugitive	56	15	0	0	840	0	0	
10. Cover Bronze	1				4	8	0	
11. Azure tricolour	2	5	0	0	10	0	0	
12. Chocolate L. Press	20	3	4	0	65	0	0	
13. Brown Special	10	2	8	0	25	0	0	
14.	12	2	4	0	27	0	0	
15. Fugitive	112	15	0	0	1,680	0	0	
16. Green	50	15	0	0	750	0	0	
17. L. Press	75	2	4	0	168	12	0	
18. Cover	4	4	0	0	16	0	0	
19. Magenta Fugitive	31	15	0	0	465	0	0	
20. Ink Red L. Press	410	3	4	0	1,332	8	0	
21. dry	6	4	8	0	27	0	0	
22. tricolour B. S.	3	6	8	0	19	8	0	
23. Violet No. 10163	12	4	0	0	48	0	0	
24. Fugitive	56	15	0	0	840	0	0	
25. White flake	5	2	0	0	10	0	0	
26. Yellow normal	3	3	0	0	9	0	0	
27. Fugitive	56	15	0	0	840	0	0	

GIPC—L—410—1-8-35—800